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Application Proof of

GUANGXI BAIFEI DAIRY CO., LTD.
廣西百菲乳業股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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GUANGXI BAIFEI DAIRY CO., LTD.
廣西百菲乳業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027 %, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

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EXPECTED TIMETABLE

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

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 buffalos, 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.

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

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.

As buffalo milk has naturally rich and full-bodied characteristics, we craft our dairy products using a calibrated proportion of buffalo milk and Holstein cow milk to balance nutrition, taste and product positioning, with the buffalo milk proportion varying by product category and formulation.

The following table sets forth a breakdown of our revenue by product category, in absolute amounts and as percentages 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	77.6	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, 2026	
	2023		2024		2025			
	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.

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.

RESEARCH AND DEVELOPMENT

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.

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 at 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.

RAW MILK SOURCING AND PRODUCTION

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.

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.

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

	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**

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."

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) a leader in buffalo dairy products industry in China with first-mover advantages; (ii) unique geographic and sourcing advantages securing premium raw milk supply; (iii) nationwide brand equity forged through precise omni-channel marketing; (iv) quality control and digital efficiency anchored by fully integrated infrastructure; (v) a nationwide distribution and retail network driving market penetration, and (vi) a seasoned management team with deep industry insights and a strategic vision for sustainable growth. See "Business — Our Strengths."

OUR STRATEGIES

We will pursue the following strategies to strengthen our business: (i) expand raw milk supply source and optimize supply chain infrastructure to enhance operational efficiency; (ii) product upgrades and portfolio expansion through sustained R&D investment; (iii) strengthen omni-channel distribution and accelerate nationwide expansion; (iv) enhance brand equity and strengthen leadership in the dairy products market, and (v) practice ESG and sustainable development principles to support responsible growth and long-term value creation. See "Business — Our Strategies."

KEY RISK FACTORS

There are certain risks and uncertainties involved in [**REDACTED**] in our H Shares, some of which are beyond our control. See "Risk Factors." Some of the major risk factors we face include: (i) we operate in a highly competitive and evolving market and may lose our market share if we fail to compete successfully; (ii) our business and financial results are sensitive to the market selling prices of dairy products; (iii) we may fail to adapt to changes in consumer preferences and market trends, or to develop and successfully commercialize new products; (iv) fluctuations in prices and instability in supply of direct materials could harm our financial condition and results of operations; (v) we may not be able to effectively manage our sales and distribution network, which could materially and adversely affect our business, reputation and results of operations; (vi) if our distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be adversely affected; and (vii) the continued appeal of our brands is important to our success. Any damage to our reputation or any of our brands may materially and adversely affect our business and results of operations. If we are unable to effectively manage these risks, our business, financial condition, results of operations and prospects may be materially and adversely affected.

CUSTOMERS AND SUPPLIERS

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. 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. See "Business — Our Customers."

During the Track Record Period, we 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. 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, RMB306.9 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. See "Business — Our Suppliers."

SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31,									Three months ended March 31,					
	2023			2024			2025			2025			2026		
	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological asset fair value adjustment	Biological assets fair value adjustments	Total
	(RMB in thousands, except for percentages)									*(unaudited)*					
Revenue	1,072,378	–	**1,072,378**	1,421,040	–	**1,421,040**	1,613,606	–	**1,613,606**	337,644	–	**337,644**	492,547	–	**492,547**
Cost of sales	(687,185)	(10,981)	**(698,166)**	(851,744)	(25,787)	**(877,531)**	(1,003,705)	(111,272)	**(1,114,977)**	(219,882)	(10,819)	**(230,701)**	(311,695)	(33,493)	**(345,188)**
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest	–	12,148	**12,148**	–	24,081	**24,081**	–	108,931	**108,931**	–	19,001	**19,001**	–	33,190	**33,190**
Gross profit	385,193	1,167	**386,360**	569,296	(1,706)	**567,590**	609,901	(2,341)	**607,560**	117,762	8,182	**125,944**	180,852	(303)	**180,549**
Gains/(losses) arising from changes in fair value less costs to sell of biological assets	–	5,518	**5,518**	–	13,220	**13,220**	–	(2,200)	**(2,200)**	–	(4,834)	**(4,834)**	–	3,302	**3,302**
Other income	5,296	–	**5,296**	8,649	–	**8,649**	18,454	–	**18,454**	4,202	–	**4,202**	1,623	–	**1,623**
Other gains or losses, net	(3,262)	(19)	**(3,281)**	(4,519)	(252)	**(4,771)**	(8,165)	(4,930)	**(13,095)**	(2,886)	(1,964)	**(4,850)**	(4,158)	(157)	**(4,315)**
Selling and distribution expenses	(107,391)	–	**(107,391)**	(193,458)	–	**(193,458)**	(280,687)	–	**(280,687)**	(52,168)	–	**(52,168)**	(103,653)	–	**(103,653)**
Administrative expenses	(45,720)	–	**(45,720)**	(70,595)	–	**(70,595)**	(88,567)	–	**(88,567)**	(14,129)	–	**(14,129)**	(19,307)	–	**(19,307)**
Research and development expenses	(4,569)	–	**(4,569)**	(8,213)	–	**(8,213)**	(9,107)	–	**(9,107)**	(1,094)	–	**(1,094)**	(661)	–	**(661)**
Finance costs	(228)	–	**(228)**	(120)	–	**(120)**	(521)	–	**(521)**	(71)	–	**(71)**	(247)	–	**(247)**
Profit before tax	229,319	6,666	**235,985**	301,040	11,262	**312,302**	241,308	(9,471)	**231,837**	51,616	1,384	**53,000**	54,449	2,842	**57,291**
Income tax credit/(expense)	(3,033)	–	**(3,033)**	(1,923)	–	**(1,923)**	2,956	–	**2,956**	(674)	–	**(674)**	(112)	–	**(112)**
Profit and total comprehensive income for the year/period	**226,286**	**6,666**	**232,952**	**299,117**	**11,262**	**310,379**	**244,264**	**(9,471)**	**234,793**	**50,942**	**1,384**	**52,326**	**54,337**	**2,842**	**57,179**
Profit for the year/period, excluding unrealized fair value gains/losses of biological assets			**226,267**			**298,865**			**239,334**			**48,978**			**54,180**

Revenue

Our total revenue increased by 32.5% from RMB1,072.4 million in 2023 to RMB1,421.0 million in 2024, and further increased by 13.6% to RMB1,613.6 million in 2025. Our total revenue increased by 45.9% from RMB337.6 million for the three months ended March 31, 2025 to RMB492.5 million for the three months ended March 31, 2026. The increases in our total revenue throughout the Track Record Period were primarily driven by growth in revenue from our two major product categories, comprising sterilized milk and formulated milk, which together accounted for approximately 98.3%, 97.8%, 95.5%, 96.3% and 93.1% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively.

Revenue from our other products, principally comprising our Bird's Nest Buffalo Milk and buffalo milk ice cream series, increased significantly from RMB1.1 million in the three months ended March 31, 2025 to RMB17.3 million in the three months ended March 31, 2026. The increases were primarily driven by the rapid scale-up in sales of our Bird's Nest Buffalo Milk products since its launch in the second half of 2025, reflecting growing market demand in such products.

See "Financial Information — Description of Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue."

Cost of Sales

The following table sets forth a breakdown of our cost of sales 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)									
Direct Materials	555,092	79.5	663,976	75.7	777,543	69.7	171,852	74.5	244,656	70.9
Freight	54,846	7.9	81,005	9.2	106,129	9.5	18,535	8.0	31,476	9.1
Manufacturing Overhead	42,313	6.1	68,996	7.9	76,445	6.9	18,621	8.1	23,525	6.8
Direct Labor	34,934	5.0	37,767	4.3	43,588	3.9	10,874	4.7	12,038	3.5
Cost of Sales before Biological Assets Fair Value Adjustment	**687,185**	**98.5**	**851,744**	**97.1**	**1,003,705**	**90.0**	**219,882**	**95.3**	**311,695**	**90.3**
Biological Assets Fair Value Adjustment	10,981	1.5	25,787	2.9	111,272	10.0	10,819	4.7	33,493	9.7
Total	**698,166**	**100.0**	**877,531**	**100.0**	**1,114,977**	**100.0**	**230,701**	**100.0**	**345,188**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	GPM	Amount	GPM	Amount	GPM	Amount	GPM	Amount	GPM
							(unaudited)			
	(RMB in thousands, with GPM in percentages)									
Sterilized milk	335,360	40.3	477,393	43.9	494,816	41.0	111,434	43.0	140,356	39.3
Formulated milk	46,492	21.0	83,997	27.8	92,510	27.8	11,464	17.4	28,019	27.6
Pasteurized milk	602	17.6	4,608	29.4	12,800	31.3	2,430	32.4	3,257	25.2
Milk-containing beverages	3,203	25.2	1,832	13.5	2,809	18.3	623	19.9	295	12.0
Fermented dairy products	516	29.0	315	31.4	877	15.5	187	18.2	236	17.6
Other products[1]	187	14.9	(555)	(55.8)	3,748	34.7	(194)	(18.4)	8,386	48.6
Total	**386,360**	**36.0**	**567,590**	**39.9**	**607,560**	**37.7**	**125,944**	**37.3**	**180,549**	**36.7**

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets	705,036	914,679	1,011,626	1,024,629
Current assets	375,126	640,725	920,306	843,777
Total assets	**1,080,162**	**1,555,404**	**1,931,932**	**1,868,406**
Non-current liabilities	4,749	11,450	33,872	31,563
Current liabilities	123,560	237,602	325,254	206,960
Total liabilities	**128,309**	**249,052**	**359,126**	**238,523**
Net current assets	**251,566**	**403,123**	**595,052**	**636,817**
Net assets	**951,853**	**1,306,352**	**1,572,806**	**1,629,883**

See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Current Assets and Current Liabilities."

Summary of Consolidated Cash Flow Statements

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Net cash from/(used in) operating activities	374,263	342,931	241,079	(8,641)	(48,858)
Net cash used in investing activities	(247,003)	(310,598)	(267,807)	(67,575)	(115,545)
Net cash from/(used in) financing activities	(30,211)	31,418	31,260	4,562	(281)
Net (decrease)/increase in cash and cash equivalents	**97,049**	**63,751**	**4,532**	**(71,654)**	**(164,684)**
Cash and cash equivalents at beginning of the year/period	125,674	222,723	286,474	286,474	291,006
Cash and cash equivalents at end of the year/period	**222,723**	**286,474**	**291,006**	**214,820**	**126,322**

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods or years indicated:

	As of/for the year ended December 31,			As of/for the three months ended March 31,
	2023	2024	2025	2026
Gross profit margin *(%)*	36.0	39.9	37.7	36.7
Net profit margin *(%)*	21.7	21.8	14.6	11.6
Current ratio *(times)*	3.0	2.7	2.8	4.1
Gearing ratio *(times)*	0.1	0.2	0.2	0.1

BIOLOGICAL ASSETS AND VALUATION

Pursuant to Chapter 4.10 under the Guide for New Listing Applicants published by the Stock Exchange, the following table sets forth the fair value of our biological assets as measured by the Valuer as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
		(RMB in thousands)		
Biological assets				
Milkable cows/buffalos	16,458	72,329	66,671	70,061
Heifers and calves	2,065	3,597	31,714	39,439
Breeding bulls and young male cattle	709	1,060	2,181	1,236
Total	**19,232**	**76,986**	**100,566**	**110,736**
Less: current portion classified under current assets	(126)	(408)	(1,670)	(659)
Non-current portion classified under non-current assets	**19,106**	**76,578**	**98,896**	**110,077**

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
Market capitalization of our H Shares (approximate)[1]	HK$[**REDACTED**]	HK$[**REDACTED**]
Market capitalization of our Shares (approximate)[2]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of our Company per H Share as at March 31, 2026[3]	HK$[**REDACTED**] (RMB[**REDACTED**])	HK$[**REDACTED**] (RMB[**REDACTED**])

Notes:

(1) The calculation is based on [**REDACTED**] H Shares expected to be in [**REDACTED**] immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The calculation is based on [**REDACTED**] Shares expected to be in [**REDACTED**] immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) See "Appendix II — Unaudited [**REDACTED**] Financial Information" for further details regarding the assumptions used and the calculation method.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**], approximately HK$[**REDACTED**], after deducting the [**REDACTED**], fees and other estimated expenses paid and payable by us in connection with the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and the [**REDACTED**] is HK$[**REDACTED**] per H Share, being the midpoint of the indicative [**REDACTED**] range of HK$[**REDACTED**] and HK$[**REDACTED**]. We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand and upgrade our supply chain to enhance raw milk quality, strengthen supply security, optimize our product portfolio and improve warehousing efficiency over the next three years; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to strengthen our brand positioning and marketing execution; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to enhance our R&D capabilities, advance scientific research and accelerate product innovation; and (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used for working capital and other general corporate purposes. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

DIVIDENDS

During the Track Record Period, we declared and paid dividends of RMB20.0 million to our Shareholders in 2023. Pursuant to the approval at the shareholder meeting in May 2026, we declared dividends of RMB60.1 million to our Shareholders, which were fully paid in June 2026. Pursuant to the Articles of Association, our Board may declare dividends after taking into account our development stage, profitability, operating performance and capital expenditure requirement, subject to the approval of our Shareholders. We do not currently have any fixed dividend pay-out ratio. Any future declaration and payment, as well as the number of dividends, will be subject to our Articles of Association and the relevant PRC laws. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and commissions, and (ii) non-[**REDACTED**] expenses, comprising professional fees paid

and payable to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] Range), we estimate that the total [**REDACTED**] payable by us will be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising (i) [**REDACTED**] expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), (ii) fees and expenses of legal advisors and reporting accountants of approximately RMB[**REDACTED**] (HK$[**REDACTED**]); and (iii) other fees and expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]). Our estimated total [**REDACTED**] represent approximately [**REDACTED**]% of the total gross [**REDACTED**] that we will receive from the [**REDACTED**], of which approximately RMB[**REDACTED**] (HK$[**REDACTED**]) will be charged to our consolidated statements of profit or loss and other comprehensive income and approximately RMB[**REDACTED**] million (HK$[**REDACTED**]) will be deducted from equity as such amount is directly attributable to the [**REDACTED**] of H Shares.

OUR CONTROLLING SHAREHOLDERS

Pursuant to the Concert Party Agreement, the Concert Party Group, namely Mr. Wu Shouyun and Mr. Wu Lianqiao (the son of Mr. Wu Shouyun), agreed to act in concert since December 22, 2023 and if the Concert Party Group would not reach consensus on certain issues in respect of the material matters of our Company, Mr. Wu Shouyun's decisions shall prevail. See "History, Development and Corporate Structure — Concert Party Agreement."

As of the Latest Practicable Date, the Concert Party Group was entitled to control the exercise of approximately 88.39% of the voting rights at the general meeting of our Company: (i) approximately 87.97% of our Shares directly held by Baifei Investment, which was in turn owned as to approximately 99.59% by Mr. Wu Shouyun and 0.41% by Mr. Wu Lianqiao; (ii) approximately 0.25% of our Shares directly held by Mr. Wu Shouyun; and (iii) approximately 0.17% of our Shares directly held by Mr. Wu Lianqiao. Accordingly, Mr. Wu Shouyun and Mr. Wu Lianqiao together with Baifei Investment are considered as our Controlling Shareholders.

Immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders will control [**REDACTED**]% of the voting rights at the general meeting of our Company. Therefore, Mr. Wu Shouyun, Mr. Wu Lianqiao and Baifei Investment will remain as our Controlling Shareholders under the Listing Rules. See "Relationship with Our Controlling Shareholders" in this document for details.

PRE-[REDACTED] INVESTMENT

We have conducted the Pre-[**REDACTED**] Investment by capital increase in 2021. For further details about our Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investment" in this document.

QUOTATION OF OUR DOMESTIC SHARES ON THE NEEQ

Since June 28, 2024, our Domestic Shares have been quoted for trading on the NEEQ under the stock code 874376. Our Directors confirmed that, during the period of quotation on the NEEQ, (i) our Company had been in compliance in all material respects with all applicable rules and regulations of the NEEQ; (ii) our Company had not been subject to any administrative penalty or disciplinary action by the NEEQ; and (iii) there has not been any matter that should be brought to the attention of the Stock Exchange and potential [**REDACTED**].

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

After the Track Record Period, our buffalo dairy business experienced steady growth and expansion. After due and careful consideration, our Directors confirm that, subsequent to the Track Record Period and up to the Latest Practicable Date, there had been no material adverse change in our financial or trading position and there is no event subsequent to the Track Record Period which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report of our Group for the Track Record Period, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Baifei E-Commerce"	Zhejiang Baifei E-commerce Technology Co., Ltd.* (浙江百菲電子商務科技有限公司), a PRC company incorporated on July 26, 2022 with limited liability, being a wholly-owned subsidiary of our Company
"Baifei Investment"	Guangxi Baifei Investment Co., Ltd.* (廣西百菲投資股份有限公司), a limited liability company established under the laws of the PRC on May 30, 2003 and subsequently converted into a joint stock company with limited liability on April 10, 2013, and one of our Controlling Shareholders
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

"China," "Chinese Mainland" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan

"close associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Guangxi Baifei Dairy Co., Ltd. (廣西百菲乳業股份有限公司), a limited liability company established under the laws of the PRC on December 27, 2017 and subsequently converted into a joint stock company with limited liability on December 31, 2019
"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Baifei Investment, Mr. Wu Shouyun and Mr. Wu Lianqiao, as further detailed in the section headed "Relationship with Our Controlling Shareholders" in this document
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are quoted for trading on the NEEQ
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[**REDACTED**]

"F&S" or "Frost & Sullivan"	Frost & Sullivan, a consulting firm that provides market research and analysis
"F&S Report"	a commissioned industry report prepared by F&S

[**REDACTED**]

"Group," "our Group," "the Group," "we" or "us"	our Company and subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide" or "Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Guangxi Trading"	Guangxi Baifei Trading Co., Ltd.* (廣西百菲貿易有限公司), a PRC company incorporated on February 1, 2024 with limited liability, being a wholly-owned subsidiary of our Company
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and to be [**REDACTED**] on the Stock Exchange

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

[**REDACTED**]

"IFRS"	IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	July 14, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"NEEQ"	National Equities Exchange and Quotations
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"OECD-FAO"	Organisation for Economic Co-operation and Development and the Food and Agriculture Organization of the United Nations

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Jingtian & Gongcheng, being the legal advisor to our Company as to the PRC laws

[**REDACTED**]

"Pre-[**REDACTED**] Investment(s)"	the Pre-[**REDACTED**] investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investor(s), details of which are set out in the section headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investment" in this document
"Pre-[**REDACTED**] Investor(s)"	the existing Shareholder(s) who participated in the Pre-[**REDACTED**] Investment, details of which are set out in the section headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investment" in this document
"Qiangfei Investment"	Qinzhou Qiangfei Investment Development Partnership (Limited Partnership)* (欽州市強菲投資發展合夥企業(有限合夥)), an employee shareholding platform of our Group
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Saishang Baifei"	Ningxia Saishang Baifei Animal Husbandry Co., Ltd.* (寧夏塞上百菲牧業有限公司), a PRC company incorporated on September 23, 2020 with limited liability, being a 60%-owned subsidiary of our Company
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SCNPC"	Standing Committee of the National People's Congress, the permanent body of the National People's Congress of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
	[**REDACTED**]
"Sole Sponsor"	GF Capital (Hong Kong) Limited, the sole sponsor as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period consisting of the year ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026

[**REDACTED**]

"United States," "US" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$," "U.S. dollars" or "US dollars"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"Zhejiang Baifei"	Zhejiang Baifei Dairy Co., Ltd.* (浙江百菲乳業有限公司), a PRC company incorporated on August 14, 2019 with limited liability, being a wholly-owned subsidiary of our Company
"Zhejiang Trading"	Zhejiang Baifei Trading Co., Ltd.* (浙江百菲貿易有限公司), a PRC company incorporated on January 25, 2022 with limited liability, being a wholly-owned subsidiary of Zhejiang Baifei
"%"	percent

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. These terms and their meanings may not correspond to standard industry meanings or usage.

"A2β-casein"	a form of beta-casein protein present in certain milk products.
"AI"	artificial intelligence
"aseptic filling"	a filling process under which products are filled into packaging under aseptic conditions to reduce microbial contamination risk and support product safety and shelf-life.
"B2B"	business-to-business, a business model involving the provision of products or services by one business to another business
"buffalo raw milk"	raw milk produced by dairy buffalos and used as a raw material in dairy production
"cattle"	bovine animals generally, which may be classified by economic use into dairy cattle, beef cattle and other categories
"cold-chain management"	temperature-controlled storage and transportation arrangements for products requiring refrigerated or temperature-controlled conditions
"cold-chain transportation"	transportation of products under controlled temperature conditions to maintain product quality and safety
"cow raw milk"	raw milk produced by dairy cattle and used as a raw material in dairy production
"dairy buffalo"	a buffalo bred or raised for milk production
"dairy cattle" or "dairy cow"	cattle bred or raised for milk production, including dairy cow breeds such as Holstein cows and Jersey cows
"dairy herd" or "herd"	a group of dairy animals managed for milk production
"Dream Cap"	a single-serve packaging format used for certain dairy products
"DTC"	a direct-to-consumer sales model, under which we sell products directly to individual consumers
"electronic tagging"	the use of electronic identifiers to track individual animals

GLOSSARY OF TECHNICAL TERMS

"fermented dairy products"	dairy products produced through fermentation, including yogurt products
"food business license"	a licence required for relevant food business operations in the PRC
"food production license"	a licence required for relevant food production operations in the PRC
"formulated milk"	milk products formulated with milk and other permitted ingredients to achieve particular nutritional or flavor profiles
"Good Agricultural Practices certification" or "GAP certification"	a certification relating to good agricultural practices for relevant farming operations
"Hazard Analysis and Critical Control Points" or "HACCP"	a food safety management approach involving hazard analysis and control of critical points in production
"herd management"	the agricultural practice of overseeing and managing a group of animals to support their health, productivity and welfare
"Holstein cow"	a breed of dairy cow generally characterized by high milk yield, distinctive black-and-white markings and adaptability to various environmental conditions
"homogenization"	a dairy processing step used to support product consistency
"INF 0.09-second flash sterilization"	an ultra-rapid thermal sterilization process lasting just 0.09 seconds can inactivate microorganisms while better preserving the product's quality attributes.
"integrated digital farming platform"	a platform combining digital systems and devices used to support farm management, including animal monitoring, feeding management and herd records
"IoT sensors"	Internet-of-things sensors used to collect operational, environmental or animal-related data
"Jersey cow"	a breed of dairy cow known for producing milk with relatively high butterfat and protein content
"Jersey cow milk"	milk produced by Jersey cows
"Lingshan buffalo"	a dairy buffalo genetic resource associated with Lingshan, Guangxi
"low-temperature aseptic cold-filling"	a filling process conducted under aseptic conditions at low temperature after sterilization
"low-temperature dairy products"	dairy products requiring refrigerated storage and cold-chain distribution

"Manufacturing Execution System"	our manufacturing execution system used, or proposed to be upgraded, to support digital control of the production process, quality control and production-line management
"Maximum Production Capacity"	the standard production capacity of our production facilities for a year or period, calculated assuming operation at a practicable high utilization level with allowances for routine maintenance, equipment upgrades, public holidays and seasonal demand fluctuations
"Mediterranean buffalo"	a riverine dairy buffalo breed referred to in the document in connection with dairy buffalo genetic resources in Guangxi
"membrane-filtration technology"	a pressure-driven physical separation process that uses semi-permeable membranes with specific pore sizes or molecular weight cut-offs to separate, concentrate and purify components in liquid milk based on particle size and molecular characteristics
"milk-containing beverages"	ready-to-drink beverages containing milk as an ingredient
"MSRP"	manufacturer's suggested retail price, a recommended price set by the manufacturer for retail sales
"Murrah buffalo"	a riverine dairy buffalo breed referred to in the document in connection with dairy buffalo genetic resources in Guangxi
"Nili-Ravi buffalo"	a riverine dairy buffalo breed referred to in the document in connection with dairy buffalo genetic resources in Guangxi
"offline distributors"	distributors that sell or distribute our products through offline retail or consumption channels
"online direct sales"	sales through our self-operated online stores on e-commerce or social commerce platforms
"online distributors"	e-commerce platforms or online distribution channels that purchase our products and distribute them to end customers through online retail channels
"pasteurization"	a heat treatment process used for milk products, generally followed by cooling and refrigerated storage
"pasteurized milk"	milk products that have undergone pasteurization and are generally distributed under low-temperature conditions
"PE"	Polyethylene, used as a flexible, lightweight plastic material for everyday packaging
"PET"	Polyethylene Terephthalate, used as a clear, rigid plastic material with strong barrier properties

"probiotic strains"	selected microorganisms used in certain fermented dairy or beverage products
"R&D"	research and development
"raw milk"	unprocessed milk used as a raw material in dairy production
"raw milk purchase license"	a licence for purchasing raw milk under applicable PRC requirements
"raw milk transportation permit"	a permit or certificate for transporting raw milk under applicable PRC requirements
"selenium-enriched"	containing selenium at levels that support the relevant product claim under applicable standards
"self-operated flagship stores"	online stores operated by us on e-commerce or social commerce platforms
"shelf-life"	the period during which a product may be stored under specified conditions while remaining safe and suitable for consumption
"standardization"	a processing step involving adjustment of product composition to meet specified formulation or quality requirements
"starter culture"	microorganisms added to initiate fermentation in fermented dairy products
"sterilization"	a thermal treatment process used to achieve commercial sterility in dairy production
"sterilized milk"	dairy products processed by sterilization methods, including UHT sterilization, and packaged for shelf-stable distribution
"Tetra Brik®"	an aseptic carton packaging format used for certain shelf-stable dairy products
"Total Mixed Ration feeding"	a feeding method under which feed ingredients are mixed into a ration for dairy animals
"ultra-high-temperature sterilization" or "UHT sterilization"	a sterilization process involving ultra-high-temperature treatment in dairy production
"warehouse control system"	a system used to support warehouse automation and operational control
"warehouse management system"	a digital system used to support inventory tracking and warehouse operations
"zero-sucrose"	containing no sucrose, or sucrose at levels permitted to support such claim under applicable standards

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document includes forward-looking statements. These forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "can," "might," "potential," "forecast," "project," "going forward," "continue," "ought to," "projection," "potential," "vision," "goals," "aspire," "objective," "target," "schedules" and "outlook" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following: (i) our ability to successfully implement our business plans and strategies and achieve our stated objectives and goals; (ii) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand, including changes in the competitive environment; (iii) general political and economic conditions of jurisdictions in which we operate; (iv) our business operations and prospects and our future business development, financial condition and results of operations; (v) our capital expenditure plans and sources of funding; (vi) weather, natural disasters and climate change; (vii) the actions and developments of our competitors; (viii) our financial condition and performance and margins; (ix) capital market developments; (x) our dividend policy; (xi) any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans, and our ability to remain in compliance with applicable laws and regulations; (xii) our ability to develop new products or services, enhance existing offerings and bring them to market in a timely manner; (xiii) our ability to maintain, protect and enhance our intellectual property and proprietary rights; and (xiv) various business opportunities that we may pursue and all other risks and uncertainties described in "Risk Factors."

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such expectations may later be found to be incorrect, and our actual results could be materially different from and worse than what we expect. As such, readers are cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date of this document, and except as required under the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Statements of intentions are made as of the date of this document and may change in light of future developments. All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may be unable to conduct our marketing activities effectively.

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

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

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

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

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

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

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

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

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

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

We are subject to risks associated with animal welfare.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We are subject to inventory obsolescence risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In preparation for the [**REDACTED**], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Since our principal business and operations are primarily located, managed and conducted in the PRC and will continue to be based in the PRC, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group. As none of our executive Directors is ordinarily resident in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. Chen Shaobing (陳少兵) (our executive Director, Board Secretary and joint company secretary) and Ms. Choi Man Yee (蔡敏儀) (our joint company secretary) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The two authorized representatives will act as our principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone, facsimile (if any) and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon the request of the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any changes in the authorized representatives;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number (if any), email address and fax numbers (if any)) of all Directors to facilitate communication with the Stock Exchange. All Directors who do not ordinarily reside in Hong Kong have confirmed that he or she possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(c) we have appointed Altus Capital Limited as our Compliance Adviser upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the authorized representatives, provide our Company with professional advice on continuing obligations under the Listing Rules and act as the additional channel of communication with the Stock Exchange during the period from the [**REDACTED**] to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [**REDACTED**]; and

(d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our Compliance Adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Codes;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to the chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to the chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Mr. Chen Shaobing ("**Mr. Chen**"), our executive Director and Board secretary, as one of our joint company secretaries. He has considerable experience in administrative and corporate governance but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Choi Man Yee ("**Ms. Choi**"), a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Chen for an initial period of three years from the [**REDACTED**] to enable Mr. Chen to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Choi's professional qualifications and experience, she will be able to explain to both Mr. Chen and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Choi will also assist Mr. Chen in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Choi is expected to work closely with Mr. Chen and will maintain regular contact with Mr. Chen. In addition, Mr. Chen will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. He will also be assisted by our Compliance Adviser on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Chen does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Chen may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (a) Mr. Chen must be assisted by Ms. Choi, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Choi, ceases to provide assistance to Mr. Chen as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Chen will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Chen, having benefited from the assistance of Ms. Choi, for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers from strict compliance with the announcement requirement under the Listing Rules. For further details in this respect, see "Continuing Connected Transactions."

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wu Shouyun (吳守允)	Room 1204, Unit 2, Building 9 Yuhu Shangpin Garden Tiyuchang Road, Tanghe Community Lingxi Town Cangnan County, Wenzhou Zhejiang Province PRC	Chinese
Mr. Wu Lianqiao (吳聯僑)	Room 1204, Unit 2, Building 9 Yuhu Shangpin Garden Tiyuchang Road, Tanghe Community Lingxi Town Cangnan County, Wenzhou Zhejiang Province PRC	Chinese
Mr. Chen Shaobing (陳少兵)	Room 501, 5/F, No. 668 Shili Section Jiangnan Road, Sanhai Subdistrict Lingshan County, Qinzhou Guangxi Zhuang Autonomous Region PRC	Chinese
Non-executive Director		
Ms. Shang Xinwen (商馨文)	No. 47, Group 1, Shangshuang Village Sanduo Community, Sanhai Subdistrict Lingshan County, Qinzhou Guangxi Zhuang Autonomous Region PRC	Chinese
Independent non-executive Directors		
Ms. Li Jing (李靜)	No. 37 Xinzhu Road Qingxiu District, Nanning Guangxi Zhuang Autonomous Region PRC	Chinese
Mr. Li Chunyou (李春友)	No. 100 West Mingxiu Road Xixiangtang District, Nanning Guangxi Zhuang Autonomous Region PRC	Chinese
Mr. Lei Yuchun (雷裕春)*Note*	Room 402, Unit B1, Building 4 (West) No.100 West Mingxiu Road Xixiangtang District, Nanning Guangxi Zhuang Autonomous Region PRC	Chinese

Name	Address	Nationality
Mr. Chu Chun Ting (朱浚霆)	Flat B, 12/F, Block 7 Fullview Garden Siu Sai Wan 18 Road Chai Wan Hong Kong	Chinese (Hong Kong)

Note: Mr. Lei has resigned as an independent Director due to work adjustment. His resignation will take effect from the [**REDACTED**].

Further information about our Directors and senior management, see section headed "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

GF Capital (Hong Kong) Limited
27/F, GF Tower
81 Lockhart Road
Wanchai
Hong Kong

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong law and U.S. law:
Baker & McKenzie
14/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
Jianguo Road, Chaoyang District
Beijing
PRC

	As to PRC cybersecurity and data protection law: **Tahota Law Firm** 24-33F, Tahota Center No.299 Longhe West Lane, Zhengxing Street Tianfu New Area, Chengdu Sichuan Province PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law and U.S. law:* **Herbert Smith Freehills Kramer** 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC law:* **DeHeng law Office** 12/F, Tower B, Focus Place No. 19 Finance Street Beijing PRC
Auditors and Reporting Accountants	**HLB Hodgson Impey Cheng Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 31/F, Gloucester Tower The Landmark, 11 Pedder Street Central Hong Kong
Industry Consultant	**Frost & Sullivan** Room 2504, Wheelock Square No. 1717 West Nanjing Road Jingan District Shanghai PRC
Independent Biological Asset Valuer	**Asia-Pacific Consulting and Appraisal Limited** Room 1301, 13/F. OfficePlus@Sheung Wan No.93-103 Wing Lok Street Sheung Wan Hong Kong
Compliance Advisor	**Altus Capital Limited** 21 Wing Wo Street Central Hong Kong
	[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Shili Industrial Park, Sanhai Subdistrict Lingshan County, Qinzhou Guangxi Zhuang Autonomous Region PRC
Headquarter and Principal Place of Business in the PRC	Shili Industrial Park, Sanhai Subdistrict Lingshan County, Qinzhou Guangxi Zhuang Autonomous Region PRC
Principal Place of Business in Hong Kong	Room 1912, 19/F Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company's Website	**www.baifeilao.com** *(information contained in this website does not form part of this document)*
Joint Company Secretaries	Mr. Chen Shaobing (陳少兵) Room 501, 5/F, No. 668 Shili Section Jiangnan Road, Sanhai Subdistrict Lingshan County, Qinzhou Guangxi Zhuang Autonomous Region PRC Ms. Choi Man Yee (蔡敏儀) *Member of The Hong Kong Chartered Governance Institute* Room 1912, 19/F Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
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Audit Committee	Mr. Li Chunyou (李春友) *(Chairperson)* Ms. Shang Xinwen (商馨文) Ms. Li Jing (李靜)
Nomination Committee	Mr. Li Chunyou (李春友) *(Chairperson)* Ms. Li Jing (李靜) Mr. Wu Shouyun (吳守允)
Remuneration and Assessment Committee	Mr. Li Chunyou (李春友) *(Chairperson)* Mr. Wu Shouyun (吳守允) Mr. Chu Chun Ting (朱浚霆)

Strategy and ESG Committee	Mr. Wu Shouyun (吳守允) *(Chairperson)* Mr. Chen Shaobing (陳少兵) Ms. Li Jing (李靜)
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Principal Bank	**Guilin Bank Co., Ltd. Qinzhou Branch** Shop Nos.11-106-1 and 11-106-2 Jiangbin Haoyuan No.268 Xinhua Road Qinzhou Guangxi Zhuang Autonomous Region PRC

*The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the "**F&S Report**"). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the* [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**] *or any of the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S DAIRY PRODUCTS MARKET

Definition and Classification of Dairy Products

Dairy products refer to products manufactured using raw milk or dairy derivatives as the primary raw materials for human consumption. Dairy products are generally rich in protein, fat, lactose, vitamins, minerals and other nutrients, and are widely consumed in daily diets and nutritional supplementation scenarios.

Based on product form, dairy products can be broadly classified into liquid milk (液態奶) and dry dairy products (乾乳製品). Liquid milk refers to dairy products derived primarily from raw milk, that remain in liquid form following processing such as sterilization or fermentation and are intended for direct consumption. Liquid milk mainly includes pasteurized milk, ESL milk, UHT milk, yogurt and formulated milk. Dry dairy products refer to dairy products that are processed into solid or powdered form through processes such as concentration, drying or further processing. These products mainly include milk powder, cheese, butter and other solid dairy products.

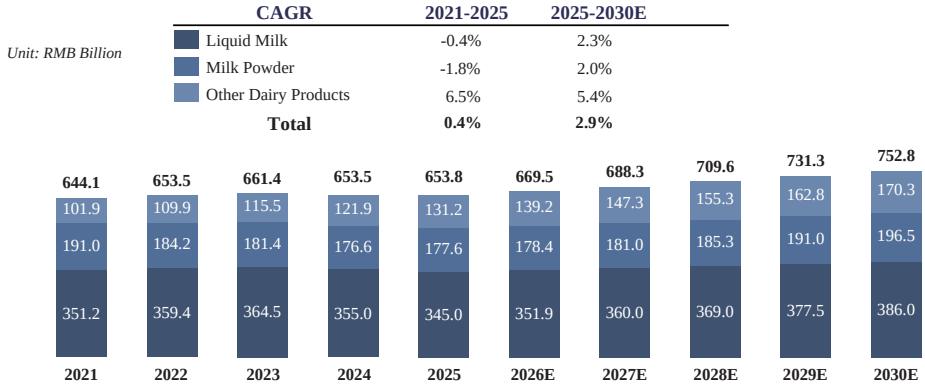
Based on milk source, dairy products can be further classified into conventional bovine dairy products (普通牛乳製品) and specialty dairy products (特色乳製品). Conventional bovine dairy products refer to dairy products manufactured primarily using cow raw milk and its derivatives as the principal raw materials. This segment currently represents the largest category within China's dairy products market. Specialty dairy products refer to dairy products manufactured using specialty milk sources as all or part of their dairy ingredients. Specialty milk sources mainly include buffalo milk, goat milk, yak milk, mare milk, camel milk and donkey milk. Specialty dairy products include both products made from a single specialty milk source and products made from a blend of specialty milk sources and cow's milk. Representative products include buffalo milk, buffalo cheese, goat milk powder and camel milk powder. Compared with conventional bovine dairy products, specialty dairy products generally possess differentiated nutritional value, regional characteristics and premium consumption attributes, and have gained increasing market attention in recent years.

The Market Size of China's Dairy Products Industry

From 2021 to 2025, China's dairy products market maintained relatively stable growth, with retail sales increasing from RMB644.1 billion in 2021 to RMB653.8 billion in 2025, representing a CAGR of 0.4% from 2021 to 2025. Affected by demographic changes, temporary pressure on infant formula demand and the pace of consumption recovery, the overall industry growth moderated during the period. Nevertheless, as dairy products remain essential nutritional consumer goods, underlying market demand continued to demonstrate resilience. Looking ahead, driven by ongoing consumption upgrading, expanding consumption scenarios and the premiumization trend, China's dairy products market is expected to resume steady growth from 2026 onward, reaching RMB752.8 billion by 2030, representing a CAGR of approximately 2.9% from 2025 to 2030.

By product category, liquid milk remained the largest segment within China's dairy products market, with a market size of RMB345.0 billion in 2025, accounting for over 50% of the overall market. Going forward, rising demand for fresh milk, high-protein milk and functional dairy products is expected to support stable growth in the dairy products segment. The milk powder market experienced temporary pressure between 2021 and 2025 due to fluctuations in birth rates and weaker demand for infant formula products. However, increasing demand for adult nutrition, elderly nutrition and functional nutritional products is expected to gradually support market recovery in the coming years. Meanwhile, other dairy products, including cheese, butter and ice cream, recorded the fastest growth among all categories, with market size increasing from RMB101.9 billion in 2021 to RMB170.3 billion in 2030. This trend reflects rising consumer demand for snack-oriented, westernized and diversified dairy products, while also indicating the ongoing upgrade of China's dairy consumption structure toward higher value-added products.

Market Size of Dairy Products, by Category and by Retail Value (China), 2021-2030E



Source: Dairy Association of China ("DAC"), Frost & Sullivan

Market Drivers of China's Dairy Products Industry

Rising Disposable Income Drives Upgrading of Dairy Consumption Structure. Rising disposable income has shifted dairy consumption in China from basic nutrition toward premium, health-oriented and functional products. Demand for fresh milk, organic dairy products, and specialty dairy products is increasing, while consumers are paying greater attention to nutritional value, milk source quality and brand reputation, driving industry premiumization and diversification.

Development of Logistics and Cold Chain Infrastructure Enhances Dairy Distribution Efficiency. China's expanding logistics and cold chain networks have improved the storage and transportation of low-temperature dairy products, while extending their sales reach. Greater coverage in lower-tier cities and county-level markets is also supporting wider dairy consumption penetration.

Favorable Policies Support the Healthy and Orderly Development of the Industry. Supportive policies, including the "Healthy China 2030" Plan Outline and dairy revitalization initiatives, encourage higher dairy consumption, stronger raw milk supply and improved product quality, supporting the industry's standardized and high-quality development.

Future Trends of China's Dairy Products Industry

Demand for High-Quality and High Value-Added Dairy Products Is Expected to Continue Growing. Rising health awareness is driving demand for premium, functional and specialized dairy products, including fresh milk, organic dairy products, high-protein products, functional yogurt and low-sugar products. Growing needs among specific consumer groups, such as elderly consumers and fitness-oriented consumers, will further support product segmentation and innovation.

Rapid Development of Specialty Milk Source Dairy Products. Dairy products made from buffalo, goat, yak and camel milk are gaining popularity due to their differentiated nutrition and premium positioning. Rising consumer awareness, supported by e-commerce and social media, is expanding demand and driving continued market growth.

Expansion of Omnichannel Sales Networks. E-commerce platforms, instant retail and community group buying are becoming increasingly important alongside traditional offline channels. Integrated online and offline strategies enhance consumer reach and operational efficiency, while enabling regional dairy companies to expand beyond their home markets.

Continuous Improvement in Supply Chain Capabilities. Dairy companies are strengthening milk source management, quality control, cold chain logistics and digital supply chain systems to improve supply stability and operational efficiency. Greater investment in automation and intelligent manufacturing is also enhancing cost control and supply chain resilience.

OVERVIEW OF CHINA'S BUFFALO DAIRY PRODUCTS MARKET

Definition and Classification of Buffalo Dairy Products

Buffalo dairy products refer to dairy products made primarily from buffalo raw milk and cow raw milk. Buffalo dairy products can be categorized into liquid milk and dry dairy products by product type. Specifically, buffalo liquid milk refers to liquid products made

primarily from buffalo raw milk and cow raw milk, through processes such as pasteurization or sterilization and filling. Buffalo liquid milk can generally be classified into ambient (room temperature) buffalo liquid milk and buffalo low-temperature liquid milk. Ambient buffalo liquid milk refers to buffalo dairy products that can be stored and distributed at room temperature, including sterilized milk, ambient fermented milk and formulated milk. Buffalo low-temperature dairy refers to buffalo dairy products that require storage, distribution and sale under refrigerated conditions throughout the supply chain, typically at temperatures ranging from 2°C to 6°C, and are typically processed using pasteurization and other low-temperature processing technologies, including pasteurized milk and low-temperature fermented milk. Among them, formulated milk can offer a wide variety of flavors and taste. For example, regions such as Guangxi and Guangdong leverage their abundant local fruit and vegetable resources to develop products such as papaya buffalo milk and pineapple buffalo milk. Dry dairy products mainly include buffalo milk powder, buffalo cheese, buffalo cream, etc.

Comparison of Buffalo Raw Milk and Holstein Cow Raw Milk

In general, buffalo dairy products are blended with Holstein cow raw milk, as such blending helps balance nutritional composition and enhance palatability, thereby better aligning with consumer preferences. Buffalo raw milk is generally richer in total solids, protein and fat than Holstein cow milk, resulting in a richer texture and flavour. Blending the two helps moderate these characteristics while retaining the nutritional benefits of buffalo liquid milk, creating a more balanced taste profile that is more widely accepted by consumers. The proportion of buffalo milk in blended buffalo dairy products may vary depending on product positioning and target consumer preferences. For example, among pasteurised milk and sterilised milk products currently available in the market, buffalo milk content commonly ranges from approximately 10% to 50%. A higher proportion of buffalo raw milk generally provides a richer texture, creamier mouthfeel and higher levels of milk solids and certain nutrients, while a lower proportion generally delivers a milder flavour and lighter texture that may appeal to a broader consumer base. In terms of purchase prices, owing to the limited supply of buffalo raw milk, buffalo raw milk is typically procured at prices approximately three to five times those of Holstein cow raw milk.

Comparison Dimension	Buffalo Raw Milk	Holstein Cow Raw Milk
Farming Conditions	• Primarily concentrated in southern regions such as Guangxi and Guangdong	• Primarily concentrated in northern regions such as Inner Mongolia and Heilongjiang
Milk Yield per Animal	• Relatively low milk yield per animal, with the average annual milk yield of dairy buffalo typically ranging from 1.8 tonnes to 2.1 tonnes	• Relatively high milk yield per animal, with the average annual milk yield of Holstein dairy cows typically exceeding 10.0 tonnes
Milk Supply	• Relatively scarce	• Relatively sufficient
Market Awareness	• Still at a development stage, with relatively low market awareness	• After years of development, it enjoys high market awareness
Total Solids	• 18.0%-19.0%	• 13.0%-14.0%
Protein Content	• 3.8%-4.8%	• 3.0%-3.3%
Fat Content	• 5.5%-9.0%	• 3.5%-4.2%
Calcium Content	• Average calcium content of approximately 120 mg per 100 ml	• Average calcium content of approximately 100 mg per 100 ml

Note: Total solids is a key indicator of dairy products, reflecting the overall nutritional content of milk.

Source: *National Institute for Nutrition and Health, Chinese Center for Disease Control and Prevention, Frost & Sullivan*

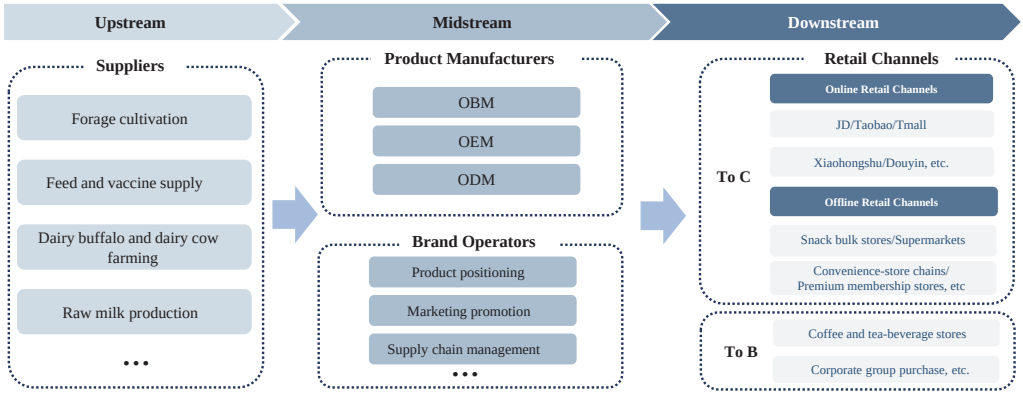
The Value Chain of Buffalo Dairy Products in China

The industrial value chain of China's buffalo dairy products market consists of upstream suppliers, midstream product manufacturers and brand operators, and downstream sales channels.

The upstream mainly includes forage cultivation, feed and vaccine supply, dairy buffalo and dairy cow farming, and raw milk production, serving as an important foundation for buffalo dairy product quality and stable supply. The midstream mainly consists of manufacturers and brand operators of buffalo dairy products. Manufacturers are responsible for the processing, production and packaging of raw milk, and can be divided into three types by production modes: (i) OBM (original brand manufacturer), (ii) OEM (original equipment manufacturer) and, (iii) ODM (original design manufacturer), while brand operators are mainly responsible for product positioning, marketing promotion and channel management. The downstream can generally be divided into consumer-facing (To C) and business-facing

(To B) channels. To C channels mainly include online and offline retail channels. Online retail channels mainly include e-commerce platforms such as JD, Taobao, Tmall, Xiaohongshu, Douyin and other online retail channels, while offline retail channels mainly include snack bulk stores, supermarkets, convenience-store chains and premium membership stores, etc. To B channels primarily comprise coffee shops and tea beverage stores, corporate group purchasing channels and other business customers.

For low-temperature dairy products, timely cooling, collection, storage, transportation and processing are required. Therefore, different stages of the industry chain are closely connected, making it an industry with relatively high requirements for integrated operations.



Source: Frost & Sullivan

Regional Distribution of Buffalo Farming

China's buffalo farming industry is mainly concentrated in agricultural regions in the southern areas with abundant water resources, with key production areas including Guangxi, Guangdong, Yunnan, Hunan and Sichuan. These southern regions feature abundant grass resources, favorable water and heat conditions, as well as ample sugarcane straw forage resources. In the last century, China launched two large-scale buffalo introduction programs, with the imported buffaloes allocated by the Ministry of Agriculture to livestock farms in southern China for breeding. The imported buffalo breeds were well adapted to the climatic conditions in southern China and were therefore mainly distributed across Guangxi and other southern regions.

Among these regions, Guangxi has relatively strong breed resources and a solid foundation for industrial development. It has introduced and developed three river-type buffalo breeds, namely Murrah buffalo, Nili-Ravi buffalo and Mediterranean buffalo. Supported by favorable natural conditions and abundant feed resources, the buffalo dairy products industry has become one of Guangxi's distinctive and promising industries.

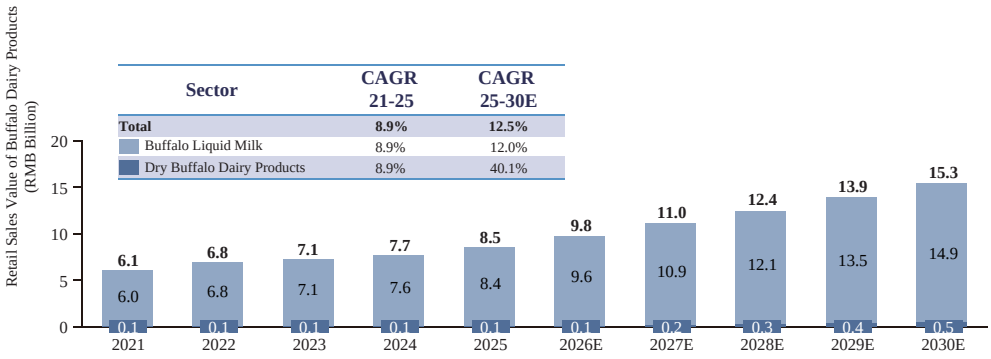
The Market Size of China's Buffalo Dairy Products

The buffalo dairy products industry in China has experienced rapid growth in recent years, with retail sales value increasing from RMB6.1 billion in 2021 to RMB8.5 billion in 2025. Compared with Holstein cow raw milk, buffalo raw milk supply is relatively limited as its production is mainly concentrated in southern regions with abundant water resources, such as Guangxi, Guangdong and Yunnan. As buffalo milk resources are relatively scarce, industry players generally prioritize the use of buffalo raw milk sources for dairy products, which tend to have higher market acceptance. Therefore, buffalo liquid milk currently remains the dominant product category within the buffalo dairy products market in China.

In 2025, buffalo liquid milk accounted for 99% of the total retail sales value of buffalo dairy products in China. From 2021 to 2025, the retail sales value of buffalo liquid milk increased from RMB6.0 billion to RMB8.4 billion, and is expected to reach RMB14.9 billion in 2030, representing a CAGR of 12.0% from 2025 to 2030. In 2025, the penetration rate of buffalo liquid milk in China's overall liquid milk market was 2.4%. By comparison, 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. Looking ahead, as consumer awareness continues to improve and application scenarios for buffalo milk expand, the penetration rate is expected to rise to 3.9% by 2030.

With the large-scale development of buffalo breeding and continuous improvement of raw milk processing technologies, China's buffalo dairy products industry is expected to further develop other dry buffalo dairy products such as buffalo cheese and buffalo milk powder in the future. Therefore, the retail sales value of dry buffalo dairy products is expected to reach RMB0.5 billion by 2030, recording a rapid CAGR of 40.1% from 2025 to 2030.

Retail Sales Value of Buffalo Dairy Products by Product Type (China), 2021-2030E



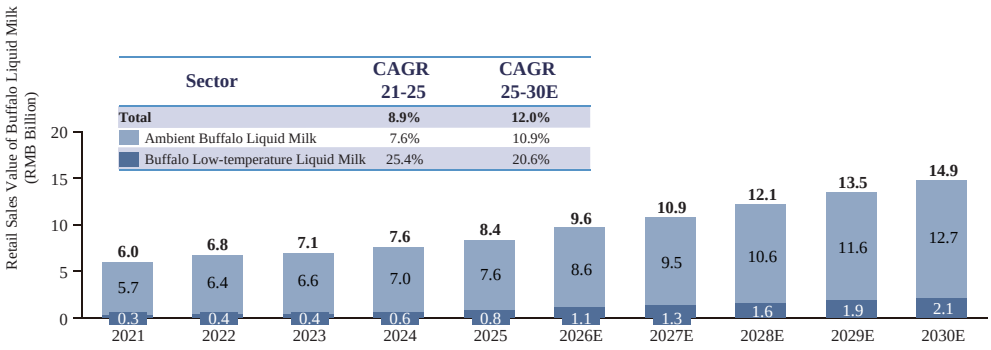
Source: China Dairy Products Industry Statistics, Guangxi Buffalo Research Institute, Frost & Sullivan

Among the buffalo liquid milk market, ambient buffalo liquid milk is the major product category. In 2025, the retail sales value of ambient buffalo liquid milk accounted for 90.0% of the overall buffalo liquid milk market. From 2021 to 2025, the retail sales value of ambient buffalo liquid milk increased from RMB5.7 billion to RMB7.6 billion, and is expected to reach RMB12.7 billion by 2030, representing a CAGR of 10.9% from 2025 to 2030.

Buffalo low-temperature liquid milk typically require higher standards for the freshness and hygiene quality of raw milk, as well as processing, storage and transportation conditions. The entire process generally relies on a cold chain system, resulting in a relatively shorter shelf life. In addition, the development of low-temperature liquid milk is also constrained by factors such as the location of milk sources and cold chain logistics capabilities. Therefore, buffalo low-temperature liquid milk currently accounts for a relatively small proportion of the overall buffalo liquid milk market. In 2025, the retail sales value of buffalo low-temperature liquid milk reached RMB0.8 billion, accounting for 10.0% of the overall buffalo liquid milk market.

In the future, as consumers' health awareness continues to increase, a growing number of consumers are expected to choose healthier and higher-quality dairy products. Low-temperature liquid milk better preserves natural active nutrients in milk, perfectly meeting consumer demand for consumption upgrading. Meanwhile, the continuous improvement of cold chain infrastructure and the growing popularity of instant delivery services such as fresh grocery platforms have enabled consumers to purchase low-temperature dairy products more conveniently. Therefore, in 2030, the retail sales value of buffalo low-temperature liquid milk is expected to reach RMB2.1 billion, representing a CAGR of 20.6% from 2025 to 2030, and accounting for 14.4% of the buffalo liquid milk market in China.

Retail Sales Value of Buffalo Liquid Milk by Product Type (China), 2021-2030E



Source: China Dairy Products Industry Statistics, Guangxi Buffalo Research Institute, Frost & Sullivan

Market Drivers of China's Buffalo Dairy Products Industry

Increase in Health Awareness and Per Capita Disposable Income Drives the Consumption Growth. As consumers become more health conscious, they are gradually shifting from basic dairy products to dairy products with stronger nutritional features and greater differentiation, while placing greater emphasis on nutritional value when selecting dairy products. Buffalo dairy products typically contain higher levels of milk protein, milk fat, calcium and other nutrients, with a rich taste and relatively high nutritional density, which aligns well with consumers' demand for high-quality and nutritious dairy products. Also, with the continued increase in per capita disposable income, consumers are more willing to pay for products with distinctive milk sources and higher nutritional value. Against this backdrop, consumers are shifting toward premium and differentiated dairy products, thereby supporting the growing market of buffalo dairy products.

Differentiated Milk Source Advantages Promote Market Development. As consumer demand becomes increasingly diversified and segmented, demand for niche and specialty dairy products continues to rise. With its distinctive milk source characteristics, buffalo dairy products can differentiate themselves from other dairy products and form differentiated competition in the market. At the same time, such differentiated milk source advantages also help enterprises strengthen brand positioning, and further promote the development of China's buffalo dairy products market.

Continuous Improvement of the Industrial Foundation in Core Production Areas Provides Support for Industry Development. The development of China's buffalo dairy products relies on infrastructure development in core production areas, such as the upgrading and construction of smart farms and the wider application of advanced facilities and equipment for automatic temperature and humidity control. Moreover, cooperation among leading enterprises, research institutions and other participants in core production areas has continued to strengthen, driving the improvement of quality testing, cold chain storage, transportation and other related processes. This helps enhance the stable supply capacity of buffalo dairy products and provides support for the development of the industry.

Channel and Scenario Innovation. The rapid development of e-commerce platforms, content platforms, community group-buying and other channels helps broaden consumer reach and support market development. Meanwhile, the application of buffalo milk in offline and cross-category scenarios, such as coffee, tea beverages and bakery products, continues to expand. This has driven demand for products such as buffalo milk lattes and supported the expansion of buffalo dairy products from household consumption to commercial applications. In addition, downstream channels such as supermarkets are increasingly leveraging consumer preferences and consumption trends to formulate differentiated requirements for product specifications and formulations, thereby driving buffalo dairy product manufacturers to develop customized products. This further enriches product offerings and supports the continued growth of the buffalo dairy products market.

Supportive Policies. According to the "*Action Plan for Enhancing the Competitiveness of the Dairy Industry during the 14th Five-Year Plan Period*"*(《"十四五"奶業競爭力提升行動方案》)* issued by the Ministry of Agriculture and Rural Affairs, support should be given to dairy product processing, local resource advantages should be fully leveraged, dairy products suitable for different consumer groups should be developed, and specialty dairy products such as buffalo milk, goat milk, and yak milk should be promoted. Also, the State Council issued the *Plan for Accelerating Agricultural and Rural Modernization during the 15th Five-Year Plan Period (《加快農業農村現代化"十五五"規劃》)*, which calls for accelerating the development of the forage industry, promoting the transformation and upgrading of grassland animal husbandry, and enhancing the competitiveness of the dairy industry. By 2035, agricultural modernization is expected to be largely achieved, with significant progress made in building China into an agricultural powerhouse. As one of the major buffalo dairy production areas in China, Guangxi has also introduced local supportive policies to promote the development of the buffalo dairy products industry. For example, the Notice on "*Several Measures to Support the Development of the Buffalo Dairy Products Industry in Guangxi*" *(《廣西支持水牛奶業發展若干措施的通知》)* issued by the General Office of the People's Government of Guangxi Zhuang Autonomous Region proposes a series of measures, including accelerating the renewal of dairy buffalo breeding resources in Guangxi, vigorously implementing dairy buffalo crossbreeding improvement projects, and encouraging leading dairy enterprises to play a demonstrative role, with a view to developing the buffalo dairy products industry into a competitive local specialty agricultural industry in Guangxi.

Future Trends of China's Buffalo Dairy Products Industry

Continued Strengthening of Milk Source Scarcity and Specialty Positioning. Compared with the farming of regular Holstein cows, buffalo farming is relatively concentrated in

certain regions, and large-scale supply capacity remains limited, resulting in a certain degree of scarcity in raw milk supply. In the long term, with continuous improvements in breeding technologies and the gradual development of high-quality breeding stock systems, buffalo farming is expected to have certain potential for herd expansion and large-scale development, although supply constraints are likely to remain in the short term.Therefore, enterprises are expected to place emphasis on differentiated features such as distinctive milk sources and nutritional density in product development and brand promotion, while strengthening category awareness through product portfolios including liquid milk, fermented milk and formulated milk. Building a specialty positioning based on scarce milk sources has become one of the key future developments of the buffalo dairy products market.

Enhanced Industrial Chain Integration. On the one hand, by establishing a circular agricultural value chain such as "straw–cattle farming–organic fertilizer," resource utilization efficiency can be effectively improved. On the other hand, through a full industrial chain spanning "dairy buffalo breeding–milk collection and processing–deep processing of dairy products," the supply stability and quality of buffalo dairy products can be further enhanced. Therefore, the increasing level of industrial chain integration has become one of the key development trends in the buffalo dairy products industry.

Digitalized Farming and Standardized Management. With the continuous increase in farming scale and consumers' rising requirements for dairy product quality and safety, traditional farming and farm management are gradually undergoing transformation. By introducing digital tools such as IoT-based monitoring, intelligent feeding systems, and real-time environmental data collection, enterprises are able to conduct full-process, dynamic management of dairy buffalo health conditions and breeding environments. Also, the establishment of standardized management systems helps unify production protocols and ensure product quality consistency. Therefore, the buffalo dairy products market is expected to gradually evolve toward digitalized farming and standardized management.

Multi-scenario Application Expansion. Owing to the relatively high protein content and rich taste, buffalo milk has been increasingly applied across foodservice channels, bakery and dessert products, coffee and tea beverages, as well as food processing. For example, buffalo milk is used to replace cow milk as a beverage base in tea drinks, or featured in signature products such as "buffalo milk latte," which highlights its natural and healthy attributes. It can also be used in bakery formulations, helping to enhance milk flavor and improve texture complexity. As demand from both household and B-end segments continues to grow, the market potential for buffalo dairy products is expected to further expand.

Green and Sustainable Development. Against the backdrop of "dual carbon" goals, the industry has been placing increasing emphasis on resource utilization efficiency. For example, the integration of buffalo farming with straw-based feed systems helps facilitate the recycling of agricultural waste. In addition, enterprises can reduce carbon emissions across farming and processing stages by optimizing feed composition, enhancing manure treatment capabilities, and promoting the adoption of clean energy. Looking ahead, green and sustainable development is expected to further drive the buffalo dairy products market toward a higher-quality growth path with lower environmental impact.

Opportunities and Challenges of China's Buffalo Dairy Products Industry

Opportunities:

Digitalized Marketing and Diversified Sales Channels. Marketing approaches represented by social media content marketing, livestream e-commerce and KOL recommendations are enhancing the market exposure and consumer awareness of buffalo dairy products. Meanwhile, the development of new retail models such as community group buying and O2O delivery services helps shorten distribution channels and improve channel coverage efficiency. Therefore, digitalized marketing and diversified sales channels are creating new growth opportunities for the buffalo dairy products market.

Policy support and agricultural modernization. China's buffalo dairy products market is benefiting from continued policy support and improvements in the industry environment. In particular, policies, especially in Guangxi, are promoting standardization, breed improvement and disease prevention, while the modernization of agricultural production is improving farming efficiency. Together, these developments are creating growth opportunities and supporting the high-quality development of the industry.

Challenges:

Upstream Production Constraints and Supply Limitations. The development of the buffalo dairy products industry is constrained by the limited supply of buffalo raw milk. Compared with Holstein cows, dairy buffalos generally have a longer breeding cycle and lower

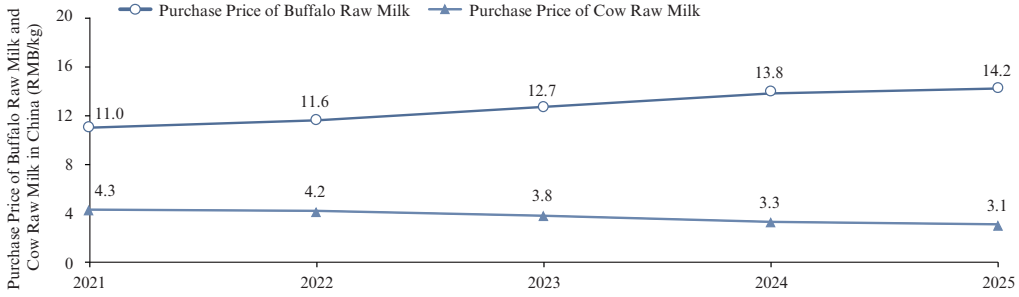
milk yield per animal, resulting in lower production efficiency and a slower expansion of milk supply. In addition, dairy buffalos have relatively stringent requirements for climatic and environmental conditions, and are primarily raised in specific regions with suitable temperatures, humidity levels and forage resources. As a result, buffalo farming remains geographically concentrated, limiting the scalability of production and the flexibility of supply. Against the backdrop of growing consumer demand for buffalo dairy products, the relatively limited supply of buffalo raw milk may continue to pose challenges to the sustainable expansion of the industry.

Purchase Price of Buffalo Raw Milk and Cow Raw Milk

The purchase price of cow raw milk reached RMB4.3 per kg in 2021 and declined to RMB3.1 per kg in 2025, primarily due to the continued expansion of large-scale dairy farms, which led to a rapid increase in milk supply. As demand growth lagged behind the capacity expansion, the market experienced an oversupply situation, resulting in a decline in raw milk prices.

After years of development, Holstein dairy cattle farming has established a relatively mature industry system. In contrast, dairy buffalo farming is still at a developing stage, with farming activities relatively concentrated in certain regions. Therefore, compared with Holstein dairy cattle, the supply of buffalo milk is relatively limited, leading to relatively higher prices. The purchase price of buffalo raw milk is generally three to five times that of cow raw milk, ranging between RMB11-15 per kg from 2021 to 2025. At present, the dairy buffalo farming industry is still in a developing stage, with geographically concentrated production regions and relatively low milk yield per animal, making it difficult for raw milk supply to increase significantly in the short term. Meanwhile, with the continued expansion of To B end cross-category application scenarios such as coffee, tea beverages and bakery products, market demand is steadily increasing. Against the backdrop, the purchase price of buffalo raw milk is expected to show a mild upward trend in the future, while generally remaining within a relatively stable price range. The above price trends are based on the national market, while regional purchase prices may vary due to factors such as local supply and demand conditions, transportation costs and market environment. Moreover, changes in raw material purchase prices may not be immediately or fully reflected in selling prices. The selling prices of buffalo dairy products are generally affected by multiple factors, including raw material costs, market supply and demand, sales channels and pricing strategies.

Purchase Price of Buffalo Raw Milk and Cow Raw Milk (China), 2021-2025



Source: Ministry of Agriculture and Rural Affairs, Guangxi Buffalo Research Institute, Frost & Sullivan

COMPETITIVE LANDSCAPE OF CHINA'S BUFFALO DAIRY PRODUCTS MARKET

Based on the retail sales value of buffalo liquid milk in 2025, the Group ranked No.1 in China's buffalo dairy products market. The buffalo dairy products market in China is relatively concentrated. In 2025, the top five companies in China accounted for a market share of approximately 66.2% in terms of the retail sales value of buffalo liquid milk, with the Group holding a market share of 31.0%.

Top Five Companies by Retail Sales Value of Buffalo Liquid Milk in China, 2025

Ranking	Company	Retail Sales Value of Buffalo Liquid Milk (RMB Billion)	Market Share (%)
1	**The Group**	**2.61**	**31.0%**
2	Company A	1.54	18.3%
3	Company B	0.64	7.6%
4	Company C	0.40	4.8%
5	Company D	0.38	4.5%
	Top Five	**5.57**	**66.2%**
	Total	**8.42**	**100.0%**

Notes:

1. Company A, founded in 2001 and listed on the Shenzhen Stock Exchange, is primarily engaged in the production and sale of a comprehensive range of dairy products, including buffalo liquid milk, milk-containing beverages, and other dairy-related products.
2. Company B, founded in 2002 and headquartered in Guangxi, is primarily engaged in the production and sale of buffalo dairy products, including buffalo liquid milk and other dairy-related products.
3. Company C, founded in 2014 and headquartered in Guangdong, is primarily engaged in sale of dairy products, including buffalo liquid milk, cow liquid milk and other dairy-related products.
4. Company D, founded in 2015 and headquartered in Guangxi, is primarily engaged in sale of buffalo liquid milk.

Source: Frost & Sullivan

Based on the retail sales value of ambient buffalo liquid milk in 2025, the Group ranked No.1 in China's buffalo dairy products market. In 2025, the top five companies in China accounted for a market share of approximately 63.0% in terms of the retail sales value of ambient buffalo liquid milk, with the Group holding a market share of 31.8%.

Top Five Companies by Retail Sales Value of Ambient Buffalo Liquid Milk in China, 2025

Ranking	Company	Retail Sales Value of Ambient Buffalo Liquid Milk (RMB Billion)	Market Share (%)
1	**The Group**	**2.41**	**31.8%**
2	Company A	0.96	12.7%
3	Company B	0.62	8.2%
4	Company C	0.40	5.3%
5	Company D	0.38	5.0%
	Top Five	**4.77**	**63.0%**
	Total	**7.58**	**100.0%**

Source: Frost & Sullivan

Based on the online retail sales value of buffalo liquid milk in 2025, the Group ranked No.1 in China's buffalo dairy products market. In 2025, the top five companies in China accounted for a market share of approximately 69.1% in terms of the online retail sales value of buffalo liquid milk, with the Group holding a market share of 39.1%.

Top Five Companies by Online Retail Sales Value of Buffalo Liquid Milk in China, 2025

Ranking	Company	Online Retail Sales Value of Buffalo Liquid Milk (RMB Billion)	Market Share (%)
1	**The Group**	**0.99**	**39.1%**
2	Company C	0.25	9.9%
3	Company D	0.24	9.5%
4	Company E	0.15	5.9%
5	Company A	0.12	4.7%
	Top Five	**1.75**	**69.1%**
	Total	**2.53**	**100.0%**

Note:

1. Company E, founded in 2017 and headquartered in Guangdong, is primarily engaged in sale of infant food and dairy products, including buffalo liquid milk and other nutritional products.

Source: Frost & Sullivan

Based on the retail sales value of buffalo liquid milk in China in 2025, the Group's Baifeilao brand has become the No.1 brand in China's buffalo dairy products industry, with a market share of 30.1%.

In July 2026, Frost & Sullivan conducted an online questionnaire survey with 1,000 participants randomly selected across 10 cities in China, covering first-tier, new first-tier and second-tier cities, to better understand the market from a consumer perspective. According to the survey results, Baifeilao ranked first among buffalo liquid milk brands in consumer awareness, purchase penetration and consumer satisfaction, demonstrating its strong brand recognition, purchase conversion and consumer loyalty.

Entry Barriers of China's Buffalo Dairy Products Industry

Milk Source Barrier. China's buffalo dairy products market is highly dependent on milk source availability. As buffalo farming is mainly concentrated in limited regions such as Guangxi and buffalo milk supply remains relatively limited, high-quality buffalo milk resources are relatively scarce. Leading companies typically secure stable milk supply through farming cooperatives, third-party dairy farms and self-operated dairy farms, creating relatively high entry barriers.

Brand Barrier. Buffalo dairy products are generally positioned in the mid-to-high-end dairy products market, where consumers place strong emphasis on brand reputation, product quality and food safety. Leading brands have established strong consumer recognition and trust through long-term market cultivation, while new entrants usually require substantial time and marketing investment to build market influence.

Channel Barrier. Dairy products require strong distribution and logistics capabilities. Industry participants generally need to establish diversified sales channels covering supermarkets, e-commerce platforms, convenience stores and distributor networks. Leading companies have already developed relatively comprehensive channel networks and terminal resources, creating challenges for new entrants in channel expansion and product placement.

Technological Barrier. Compared with conventional cow milk, buffalo dairy products require higher standards in production processes, product stability and quality control. In addition, liquid milk requires stringent cold chain transportation and food safety management systems. Leading companies have established technological advantages through long-term technological accumulation and continuous R&D investment.

SOURCES OF THE INDUSTRY INFORMATION

We commissioned Frost & Sullivan to analyse and prepare a report regarding China's buffalo dairy products industry during the period of 2021 to 2030. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York, offering industry research and market strategies and provides growth consulting and corporate training. We agreed to pay Frost & Sullivan a fee of RMB600,000 for the commissioned report pursuant to a service agreement reached by arm's length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

In preparing for the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as World Bank, National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) China's social, economic, and political environment are expected to remain stable during the forecast period; (ii) China's economic and industrial development are likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of China's buffalo dairy products industry in the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Pursuant to the Company Law of the People's Republic of China (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress ("**SCNPC**") on December 29, 1993, amended on December 29, 2023 and effective from July 1, 2024, the provisions of the Company Law apply to all companies established in the PRC, which stipulate the establishment, corporate structure, and corporate governance of companies, and are also applicable to foreign-invested companies. Where the laws on foreign investment provide otherwise, such provisions shall apply.

According to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) implemented by the NPC on January 1, 2020, the PRC implements a management system of pre-establishment national treatment plus a negative list for foreign investment. Pre-establishment national treatment refers to granting foreign investors and their investments treatment no less favorable than that granted to domestic investors and their investments during the investment access stage; The negative list refers to the special administrative measures for foreign investment access in specific fields stipulated by the State (the "**Negative List**"). The State will grant national treatment to foreign investment outside the negative list.

Foreign investors shall not invest in fields prohibited by the Negative List and shall comply with the investment conditions for restricted fields stipulated in the Negative List, while foreign investment outside the Negative List shall be managed in accordance with the principle of consistency for domestic and foreign investment. The State establishes a foreign investment information reporting system.

According to the Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》) implemented by the Ministry of Commerce and the State Administration for Market Regulation on January 1, 2020, foreign investors or foreign-invested enterprises shall report investment information in a timely manner, follow the principles of truthfulness, accuracy and completeness, and shall not make false or misleading reports or have major omissions. Where a foreign-invested enterprise invests (including multi-level investment) to establish an enterprise within the territory of the PRC, after handling registration and filing and submitting annual report information to the market regulation department, the relevant information shall be pushed by the market regulation department to the competent commercial department.

Laws and Regulations on General Food Safety

Food Safety

On February 28, 2009, the NPC Standing Committee promulgated the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》) (the "**Food Safety Law**"), which was most recently amended on September 12, 2025 and will be implemented on December 1, 2025. On October 11, 2019, the State Council promulgated the Regulations on the Implementation of the Food Safety Law of the People's Republic of China (2019 Revision) (《中華人民共和國食品安全法實施條例(2019修訂)》) (the "**Regulations on the Implementation of the Food Safety Law**"), which came into effect on December 1, 2019. According to the Food Safety Law and the Regulations on the Implementation of the Food Safety Law, food producers and operators shall engage in production and business activities in accordance with laws, regulations and food safety standards, establish and improve a food safety management system, take effective measures to prevent and control food safety risks, and ensure food safety.

According to the Food Safety Law, the State Council and its relevant departments shall assume supervisory responsibilities related to food safety. The State Council shall establish a Food Safety Committee. The food safety supervision and administration department of the State Council shall implement supervision and administration of food production and business activities. The health administration department of the State Council shall organize and carry out food safety risk monitoring and risk assessment, and shall, in conjunction with

the food safety supervision and administration department of the State Council, formulate and publish national food safety standards. Food safety standards are mandatory standards. No other mandatory food standards shall be formulated other than food safety standards. Other relevant departments of the State Council shall undertake their respective duties related to food safety.

In addition, the State has established a whole-process food safety traceability system. According to the above-mentioned relevant laws and regulations, food producers and operators shall establish a food safety traceability system to ensure that food is traceable. The State encourages food producers and operators to use information technology to collect and retain production and operation information and establish a food safety traceability system. The food safety supervision and administration department of the State Council shall, together with the agricultural administration department of the State Council and other relevant departments, establish a collaborative mechanism for whole-process food safety traceability.

Food Label Management

According to the Food Safety Law, the packaging of pre-packaged food shall have labels. The label shall indicate the following items:

(i) name, specification, net content, and production date;

(ii) list of ingredients or components;

(iii) name, address, and contact information of the producer;

(iv) shelf life;

(v) product standard code;

(vi) storage conditions;

(vii) the generic names of the food additives used as specified in national standards;

(viii) production license number;

(ix) other matters that are required to be indicated by laws, regulations or food safety standards.

Where national food safety standards provide otherwise for matters to be indicated on labels, such provisions shall prevail.

Product Quality

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), as amended by the NPC Standing Committee on December 29, 2018 and effective from the same date, producers shall:

(i) be responsible for the quality of the products they produce;

(ii) not produce products that are explicitly eliminated by the State;

(iii) not forge the origin, or forge or counterfeit the factory name or address of others; not forge or counterfeit quality marks such as certification marks; not adulterate or mix impurities, not pass off fake products as genuine, or shoddy products as good quality ones, and not pass off substandard products as qualified ones;

(iv) and ensure that the packaging for fragile, flammable, explosive, toxic, corrosive, radioactive, and other dangerous goods, as well as for products that cannot be

inverted during storage and transportation or have other special requirements, meets the corresponding quality requirements and, in accordance with relevant regulations, bears warning marks or Chinese warning instructions indicating storage and transportation precautions.

If a defective product causes personal injury or damage to the property of others, the victim may claim compensation from the producer of the product or from the seller of the product. if substandard products are produced or sold, an order shall be issued to stop production and sales, the illegally produced and sold products shall be confiscated, and a fine shall be imposed; any illegal income derived therefrom shall also be confiscated; in serious cases, the business license shall be revoked; if a crime is constituted, criminal liability shall be pursued in accordance with the law.

Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**"), promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, if a defective product causes harm to others, the injured party may request compensation from the producer or the seller of the product. Where a producer or seller continues to produce or sell a product despite knowing of a defect, or fails to take effective remedial measures in accordance with the provisions of the Civil Code, thereby causing death or serious health damage to others, the injured party is entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouser, causing harm to others, the producer or seller, after paying compensation, has the right of recourse against the third party.

Protection of Consumer Rights and Interests

According to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), as amended by the SCNPC on October 25, 2013 and effective from March 15, 2014, business operators shall ensure that the goods or services they provide meet the requirements for protecting personal and property safety. When providing consumers with information about the quality, performance, purpose, and period of validity of goods or services, business operators shall be truthful and comprehensive, and shall not engage in false or misleading promotion. In case of violation of relevant provisions, business operators may bear civil liability (such as refunding payments, compensating for losses), administrative penalties (such as warnings, confiscation of illegal income, fines, orders to suspend business for rectification, revocation of business licenses); If a business operator infringes upon the legitimate rights and interests of consumers and constitutes a crime, its criminal liability may be pursued in accordance with the law.

According to the E-commerce Law of the People's Republic of China (《中華人民共和國電子商務法》), which came into effect on January 1, 2019, e-commerce operators refer to natural persons, legal persons and unincorporated organizations that engage in business activities of selling goods or providing services through information networks such as the Internet, including e-commerce platform operators, operators on platforms, and e-commerce operators who sell goods or provide services through self-built websites or other network services. When engaging in business activities, e-commerce operators shall follow the principles of voluntariness, equality, fairness, and good faith, abide by laws and business ethics, participate in market competition fairly, fulfill obligations in respect of consumer rights and interests protection, environmental protection, intellectual property protection, cybersecurity and personal information protection, assume responsibility for product and service quality, and accept supervision from the government and society.

Laws and Regulations on the Production and Sale of Dairy Products

Food Production License

According to the Administrative Measures for Food Production Licensing (《食品生產許可管理辦法》), promulgated by the SAMR on January 2, 2020 and effective from March 1, 2020, entities engaged in food production activities within the PRC must obtain a food production license. Food production licensing implements the "one enterprise, one license"

principle, meaning that the same food producer engaged in food production activities shall obtain one food production license.

Food producers shall hang or display the original food production license in a prominent position at the production site. If the licensed items specified in the food production license need to be changed, the producer shall apply to the original issuing market supervision and administration department for the change within 10 working days after the change occurs. If a food producer relocates its production site, it shall re-apply for a food production license.

Food Business License

According to the Administrative Measures for Food Business Licensing and Filing (《食品經營許可和備案管理辦法》), promulgated by the SAMR on June 15, 2023 and effective from December 1, 2023, entities engaged in food sales and catering services activities within the PRC shall obtain a food business license in accordance with the law. The issuance date of a food business license is the date on which the licensing decision is made, and its validity period is five years.

Food business operators shall hang or display the original paper food business license or display its electronic certificate in a prominent position at the business premises. If the matters specified in the food business license change, the food business operator shall apply to the original issuing market supervision and administration department for a change in the food business license within ten working days after the change. If a food business operator relocates its address and no longer engages in food business activities at the original licensed business premises, it shall re-apply for a food business license.

Units that only engage in the sale of pre-packaged food must file with the local market supervision and administration department at or above the county level. Those who only sell pre-packaged food shall file with the local market supervision and administration department at or above the county level where they are located. If a food business operator who only sells pre-packaged food adds other food business items that require a food business license after filing, it shall obtain a food business license in accordance with the law; The filing shall become invalid automatically from the date of obtaining the food business license. If a food business operator has already obtained a food business license and adds the sale of pre-packaged food, no separate filing is required.

Production and Purchase of Raw Milk

According to the provisions of the Administrative Measures for the Production and Purchase of Raw Milk (《生鮮乳生產收購管理辦法》), promulgated and implemented by the former Ministry of Agriculture (now the Ministry of Agriculture and Rural Affairs) on November 7, 2008, raw milk that is produced, purchased, stored, transported, and sold shall comply with national standards for dairy product quality and safety. Units or individuals engaged in dairy farming shall not add animal-derived ingredients (except for milk and dairy products) to feed, feed additives, or veterinary drugs, and shall not add substances that are directly or potentially harmful to animals and humans. Dairy product production enterprises, dairy farms, and professional dairy farmer production cooperatives that establish raw milk purchase stations shall meet the statutory conditions, apply to the competent department of animal husbandry and veterinary medicine of the county-level people's government where they are located, and obtain a raw milk purchase license.

Quality of Dairy Products

According to the provisions of the Regulations on the Supervision and Administration of Dairy Product Quality and Safety (《乳品質量安全監督管理條例》), promulgated and implemented by the State Council on October 9, 2008, dairy farmers, raw milk purchasers, dairy product producers and sellers are responsible for the quality and safety of the dairy products they produce, purchase, transport, and sell, and are the primary persons responsible for the quality and safety of dairy products. It is prohibited to add any substance during the

production, purchase, storage, transportation, and sale of raw milk; or to add non-food chemical substances or any other substances that may be harmful to human health during the production of dairy products.

Laws and Regulations on Land

The Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) (the "**Land Administration Law**"), most recently amended by the SCNPC on August 26, 2019 and effective from January 1, 2020, stipulates that there are two types of land ownership in the PRC. Land in urban areas of cities is owned by the State. Land in rural and suburban areas of cities is collectively owned by farmers, except for that which is stipulated by law to be owned by the State; Homesteads, private plots, and private hills are collectively owned by farmers.

Land Use Rights

According to the Land Administration Law (《土地管理法》), the PRC implements a system of land use control, classifying land into agricultural land, construction land, and unused land. All units and individuals must use land in strict accordance with the purposes determined by the overall land use plan. The registration of land ownership and land use rights shall be carried out in accordance with the laws and administrative regulations concerning real estate registration. The ownership and use rights of land registered in accordance with the law are protected by law, and no unit or individual may infringe upon them.

According to the Provisional Regulations on the Grant and Transfer of the Right to Use State-owned Land in Urban Areas (2020 Revision) (《城鎮國有土地使用權出讓和轉讓暫行條例(2020 修訂)》), promulgated and implemented by the State Council on November 29, 2020, the State implements a system for the grant and transfer of the right to use State-owned land. Land users pay a fee for the grant of land use rights to the State, and the State grants the land use rights to the land users for a certain period of years. A land user who has obtained the land use right may transfer, lease, mortgage or use the land in other commercial ways within the term of use. The grant of land use rights requires the local land administration department and the land user to sign a grant contract. The land user must pay the land grant fee as stipulated in the grant contract. After paying the full grant fee, the land user shall register with the land administration department and obtain a land use certificate to prove that the land use right has been obtained.

According to the Provisional Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014, amended on March 10, 2024 and effective from May 1, 2024, and the Detailed Rules for the Implementation of the Provisional Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》), promulgated by the Ministry of Natural Resources on January 1, 2016, amended on May 9, 2024 and effective from the same date, the State implements a unified real estate registration system.

Facility Agriculture Land

According to the Notice of the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on Issues Concerning the Administration of Facility Agriculture Land (Zi Ran Zi Gui [2019] No. 4) (《自然資源部、農業農村部關於設施農業用地管理有關問題的通知》(自然資規〔2019〕4號)) (promulgated by the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on December 17, 2019 and effective on the same day for a period of 5 years), the nature of facility agriculture land is different from that of non-agricultural construction project land and is managed as agricultural land. The notice stipulates the relevant filing procedures for facility agriculture land. After its expiration and up to the Latest Practicable Date, no new laws or regulations on the management of facility agriculture land have been promulgated.

State-owned Land

If an enterprise needs to use State-owned land, it must obtain it through grant, allocation, lease, or other means. The most common way is for an enterprise to sign a State-owned land grant contract and pay the land grant fee.

In certain circumstances, enterprises may also lease State-owned land. According to the Several Opinions on Regulating the Leasing of State-owned Land (《規範國有土地租賃若干意見》), which came into effect on July 27, 1999, land users can sign a lease contract with the local competent land administration department and pay rent.

Land Collectively Owned by Farmers

According to the Land Administration Law (《土地管理法》), land collectively owned by farmers which belongs to the village farmers' collective by law shall be operated and managed by the village collective economic organization or the villagers' committee.

According to the Rural Land Contracting Law of the People's Republic of China (《中華人民共和國農村土地承包法》) (the "**Rural Land Contracting Law**"), as amended by the NPC Standing Committee on December 29, 2018 and effective from January 1, 2019, the PRC implements a rural land contracting and operation system. A rural land contractor can be a member of the economic organization that owns or uses the relevant land, or a unit or individual outside the collective economic organization. The contract term for cultivated land is thirty years, for grassland is thirty to fifty years, and for forest land is thirty to seventy years.

According to the Rural Land Contracting Law (《農村土地承包法》), contracting out rural land to units or individuals outside the collective economic organization must follow relevant procedures. It must be approved in advance by more than two-thirds of the members of the collective economic organization or more than two-thirds of the villagers' representatives, and be reported to the township (town) people's government for approval.

Transfer of Rural Land

The Rural Land Contracting Law also stipulates that a rural land contractor may transfer its land contracting and operation rights by leasing (subcontracting) or other means. The transfer of land management rights shall follow (among others) the following principles:

(i) in accordance with the law, on a voluntary and paid basis, and no organization or individual may compel or obstruct the transfer of land management rights;

(ii) the nature of the ownership or the agricultural use of the contracted land shall not be changed, and the comprehensive agricultural production capacity and the agricultural ecological environment shall not be damaged;

(iii) the transfer term shall not exceed the remaining term of the contract period;

(iv) the transferee must have agricultural operation capacity or qualifications;

(v) under the same conditions, members of the collective economic organization shall have priority.

According to the Administrative Measures for the Transfer of Rural Land Management Rights (《農村土地經營權流轉管理辦法》) (the "**Administrative Measures for the Transfer of Land Management Rights**"), promulgated by the Ministry of Agriculture and Rural Affairs on January 26, 2021 and effective from March 1, 2021, a contractor entrusting a third party to transfer contracted land shall issue a letter of entrustment for the transfer. Without a letter of entrustment for the transfer, no one has the right to decide on the transfer of contracted rural land. The transfer of contracted land shall be filed with the contract-issuing party and the township (town) local government. The transferee's re-transfer of the land transferred by the contractor shall be subject to the consent of the original contractor. The Administrative Measures for the Transfer of Land Management Rights (《土地經營權流轉辦法》) further provide that the township (town) government shall establish a review system for the transfer of land management rights by enterprises.

Laws and Regulations on Animal Husbandry and Breeding

Filing of Livestock and Poultry Farms

According to the Animal Husbandry Law of the People's Republic of China (《中華人民共和國畜牧法》) (the "**Animal Husbandry Law**"), as amended by the SCNPC on October 30, 2022 and effective from March 1, 2023, the state regulates the production and operation activities of the animal husbandry industry, ensures the quality and safety of livestock and poultry products, protects and rationally utilizes livestock and poultry genetic resources, cultivates and promotes excellent breeds of livestock and poultry, and promotes the high-quality development of the animal husbandry industry. The founder of a livestock and poultry farm shall file the name, breeding address, livestock and poultry breeds, and breeding scale of the farm with the competent agricultural and rural affairs department of the county-level people's government where the farm is located to obtain a livestock and poultry identification code.

The detailed rules on the administration of livestock and poultry identification and breeding archives are governed by the Administrative Measures for the Identification and Breeding Archives of Livestock and Poultry (《畜禽標識和養殖檔案管理辦法》), promulgated by the former Ministry of Agriculture (now the Ministry of Agriculture and Rural Affairs, the "**MARA**") on June 26, 2006 and effective from July 1, 2006.

Production and Operation License for Breeding Livestock and Poultry

According to the provisions of the Animal Husbandry Law, units or individuals engaged in the production and operation of breeding livestock and poultry or the production and operation of commercial generation piglets and chicks shall obtain a production and operation license for breeding livestock and poultry.

To apply for a production and operation license for breeding livestock and poultry, the following conditions shall be met:

(i) The breeding livestock and poultry produced and operated are breeds or matching lines approved or identified by the National Commission of Livestock and Poultry Genetic Resources, or are overseas breeds or matching lines introduced with approval;

(ii) There are animal husbandry and veterinary technicians commensurate with the scale of production and operation;

(iii) There are breeding facilities and equipment commensurate with the scale of production and operation;

(iv) The epidemic prevention conditions for breeding livestock and poultry as stipulated by laws, administrative regulations, and the competent agricultural and rural affairs department of the State Council are met;

(v) There is a complete quality management and breeding record system;

(vi) Other conditions stipulated by laws and administrative regulations.

Animal Epidemic Prevention

According to the Animal Epidemic Prevention Law of the PRC (《中華人民共和國動物防疫法》) (the "**Animal Epidemic Prevention Law**"), which was approved by the SCNPC on 3 July 1997 and implemented on 1 January 1998, and last revised on 22 January 2021 and implemented on 1 May 2021, to operate an animal farm, animal isolation site, animal slaughtering and processing place, as well as an innocuous treatment facility of animals and animal products shall apply to the competent agricultural and rural authorities of the local government at or above the county level for a certificate for animal epidemic prevention

conditions (動物防疫條件合格證). Animal farming sites, animal isolation sites, animal slaughtering and processing place and innocuous treatment facilities of animals and animal products shall comply with the following provisions:

(1) The facilities are located at a distance from public places, such as residential areas, sources of drinking water, schools and hospitals as prescribed by the competent department of agriculture and rural affairs of the State Council;

(2) The enclosure and isolation of the production and operation area and the engineering design and relevant processes shall meet the requirements for animal epidemic prevention;

(3) There shall be sewage and waste treatment facilities commensurate with their scale, the facilities and equipment for the innocuous treatment or refrigeration of animals dead of diseases and diseased animal products, and the facilities and equipment for cleaning and disinfection;

(4) There shall be licensed veterinarians or technicians for animal epidemic prevention commensurate with the scale;

(5) There should be comprehensive animal prevention systems including those relating to isolation and disinfection, purchase and sales records and routine inspection;

(6) Other conditions for animal epidemic prevention as prescribed by the competent department of agriculture and rural affairs of the State Council shall be met.

In addition to meeting the conditions prescribed in the preceding provisions, an innocuous treatment facility of animals and animal products shall be pathogen detection equipment, detection capability, and special vehicles in compliance with the requirements for animal epidemic prevention.

Pursuant to the Measures for the Examination of Animal Epidemic Prevention Conditions (《動物防疫條件審查辦法(2022)》), which was issued by the MARA on 7 September 2022 and implemented on 1 December 2022, where an animal farm, animal isolation site, animal slaughtering and processing place, as well as an innocuous treatment facility of animals and animal products is to be established, a site selection request shall be submitted to the competent department of agriculture and rural affairs of the local county-level government. After a certificate for animal epidemic prevention conditions is obtained, in case of any address or business scope changes, a new certificate shall be applied, the original certificate for animal epidemic prevention conditions concurrently shall be returned. Any alteration of the layout, facilities, equipment or systems that may cause changes in the conditions for animal epidemic prevention shall be reported to the original certificate-issuing authority 30 days in advance. In case of any changes in the name of the entity or its legal representative (responsible person), such certificate for animal epidemic prevention conditions shall be applied for modifying within 15 days after the change. The certificate holder shall, by the end of March each year, report the status of animal epidemic prevention of the previous year and the implementation of the epidemic prevention systems to the competent agriculture and rural affairs departments of the local county-level government.

Failure to comply with the above provisions related to the certificate for animal epidemic prevention conditions may result in administrative penalties, including fines and orders to make corrections.

Water Resources

According to the Water Law of the People's Republic of China (《中華人民共和國水法》), promulgated on January 21, 1988 and last amended and implemented on July 2, 2016, the Regulations on the Administration of Water Abstraction Permits and the Collection of Water Resource Fees, promulgated on February 21, 2006 and amended and implemented on March 1, 2017, and the Administrative Measures for Water Abstraction Permit, promulgated on April 9, 2008 and amended and implemented on December 22, 2017, water abstraction refers to the direct abstraction of water resources from rivers, lakes, or underground using water abstraction projects or facilities. Except for certain circumstances, any unit or individual that abstracts water resources shall apply for and obtain a water abstract license, pay water resource fees, and obtain the right to abstract water. Only after the water abstraction application is approved by the approval authority can the applicant construct water abstraction projects or facilities. The validity period of a water abstract license is generally five years, with a maximum of no more than ten years. The amount of water resource fees payable is determined based on the water resource fee collection standards at the location of the water intake and the actual amount of water abstracted. For water abstraction exceeding the plan or quota, water resource fees shall be collected progressively on the excess part.

Laws and Regulations on Real Estate

Pursuant to the Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994, amended on August 26, 2019 and effective from January 1, 2020, when leasing a house, the lessor and the lessee shall sign a written lease contract, stipulating the lease term, lease purpose, lease price, repair responsibilities and other terms, as well as other rights and obligations of both parties, and register and file with the real estate administration department.

Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), promulgated by the MHURD on December 1, 2010 and effective from February 1, 2011, within 30 days after the conclusion of a housing lease contract, the parties to the housing lease shall go to the competent construction (real estate) department of the people's government of the municipality directly under the Central Government, city, or county where the leased premises are located to handle the registration and filing of the housing lease. In case of violation, the competent construction (real estate) department of the people's government of the municipality directly under the Central Government, city, or county shall order correction within a time limit; if an individual fails to make corrections by the deadline, a fine of not more than RMB1,000 shall be imposed; if a unit fails to make corrections by the deadline, a fine of not less than RMB1,000 and not more than RMB10,000 shall be imposed.

Laws and Regulations on Construction Projects

Construction Land Planning Permit

According to the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》) (the "**Urban and Rural Planning Law**"), as amended and implemented by the SCNPC on April 23, 2019, a construction land planning permit must be obtained for the right to use State-owned land acquired through grant and allocation.

Construction Project Planning Permit

Pursuant to the Urban and Rural Planning Law (《城鄉規劃法》), for the construction of buildings, structures, roads, pipelines and other projects within urban and town planning areas, the construction entity or individual shall apply for a construction project planning permit from the competent urban and rural planning department of the city or county people's government, or from the town people's government designated by the people's government of the province, autonomous region or municipality directly under the Central Government.

Construction Work Permit

Pursuant to the Construction Law of the People's Republic of China (《中華人民共和國建築法》), as amended and implemented by the SCNPC on April 23, 2019, before the commencement of a construction project, the construction entity shall, in accordance with the relevant national regulations, apply to the competent construction administrative department of the people's government at or above the county level where the project is located for a construction permit; however, this excludes minor works below the threshold determined by the competent construction administrative department under the State Council. The construction entity shall commence work within three months from the date of obtaining the construction permit. If work cannot be started on schedule for any reason, an application for extension shall be made to the issuing authority. If work is not commenced and no extension is applied for, or if the extension period is exceeded, the construction permit shall be automatically invalidated.

Completion Acceptance of Construction Projects

According to the Administrative Measures for the Filing of Completion Acceptance of Housing Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》), promulgated and implemented by the MHURD on October 19, 2009, a construction project can only be delivered for use after passing the completion acceptance. The construction entity shall, within 15 days from the date of passing the completion acceptance of the project, file with the competent construction department of the local people's government at or above the county level where the project is located.

Laws and Regulations on Environmental Protection and Safety

Environmental Protection

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and effective from January 1, 2015, the Ministry of Ecology and Environment is authorized to promulgate national environmental quality and pollutant discharge standards and to supervise national environmental protection work. At the same time, local environmental protection authorities may formulate local pollutant discharge standards for items not specified in the national pollutant discharge standards; for items already specified in the national pollutant discharge standards, they may formulate local pollutant discharge standards that are stricter than the national standards. Accordingly, relevant enterprises must comply with both national and local standards. According to the Ecological Environment Code of the People's Republic of China (《中華人民共和國生態環境法典》), promulgated by the National People's Congress on March 12, 2026 and to be implemented on August 15, 2026, the relevant provisions on ecological and environmental protection will be subject to this code, and the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) will be repealed at the same time.

Environmental Impact Assessment

According to the Regulations on the Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》), as amended by the State Council on July 16, 2017 and effective from October 1, 2017, a construction entity shall, based on the degree of environmental impact of the construction project, submit an environmental impact report, an environmental impact report form, or fill in an environmental impact registration form. For construction projects for which an environmental impact report or an environmental impact report form is required by law, the construction entity shall submit the environmental impact report or environmental impact report form to the competent administrative department of environmental protection for approval before the commencement of construction. If the environmental impact assessment documents of a construction project have not been reviewed by the approval department in accordance with the law or have not been approved after review, the construction entity shall not commence construction. For construction projects for which an environmental impact registration form

is required by law, the construction entity shall file the environmental impact registration form with the county-level competent administrative department of environmental protection where the project is located in accordance with the regulations of the competent administrative department of environmental protection under the State Council. According to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), as amended and implemented by the SCNPC on December 29, 2018, the state implements classified management for the environmental impact assessment of construction projects based on the degree of their environmental impact. The construction entity shall prepare an environmental impact report, an environmental impact report form, or fill in an environmental impact registration form based on the degree of the construction project's impact on the environment. According to the Ecological Environment Code of the People's Republic of China (《中華人民共和國生態環境法典》), promulgated by the National People's Congress on March 12, 2026 and to be implemented on August 15, 2026, the relevant provisions on ecological and environmental impact assessment will be subject to this code, and the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) will be repealed at the same time.

Completion Acceptance

The Interim Measures for the Environmental Protection Acceptance of Completed Construction Projects, promulgated and implemented by the former Ministry of Environmental Protection (建設項目竣工環境保護驗收暫行辦法》) (now the Ministry of Ecology and Environment) on November 20, 2017, regulate the procedures and standards for construction entities to independently carry out environmental protection acceptance after the completion of construction projects.

Fire Safety

Pursuant to the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), promulgated by the SCNPC on April 29, 1998 and most recently amended and implemented on April 29, 2021, the fire control design and construction of a construction project must comply with the national technical standards for fire control in engineering construction. The developer, designer, contractor, and engineering supervision units are legally responsible for the quality of the fire control design and construction of the construction project. Special construction projects may not be constructed if they have not been reviewed in accordance with the law or have failed the review; For other construction projects, if the construction unit fails to provide fire control design drawings and technical materials that meet construction needs, the relevant departments shall not issue a construction permit or approve a work commencement report. Construction projects that are subject to fire control acceptance inspection by law are prohibited from being put into use if they have not undergone or have failed the fire control acceptance inspection; Other construction projects that fail the random inspection in accordance with the law shall be suspended from use.

Waste Discharge Management

According to the Classified Administration Catalogue of Pollutant Discharge Permits for Fixed Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), promulgated and implemented by the Ministry of Ecology and Environment on December 20, 2019, the state implements key management, simplified management, and registration management of pollutant discharge permits for enterprises, public institutions, and other producers and operators that discharge pollutants, based on factors such as the amount of pollutants generated, the amount of pollutants discharged, and the degree of environmental impact. Pollutant discharging units subject to registration management are not required to apply for and obtain a pollutant discharge permit.

According to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), promulgated by the State Council on January 24, 2021 and effective from March 1, 2021, classified management of pollutant discharge permits is implemented for pollutant discharging units based on factors such as the amount of pollutants generated, the

amount of pollutants discharged, and the degree of environmental impact: (1) for pollutant discharging units that generate and discharge a large amount of pollutants or have a significant impact on the environment, key management of pollutant discharge permits shall be implemented; (2) for pollutant discharging units that generate and discharge a small amount of pollutants or have a minor impact on the environment, simplified management of pollutant discharge permits shall be implemented. Enterprises, public institutions and other producers and operators that generate and discharge a very small amount of pollutants and have a very minor impact on the environment shall fill in a pollutant discharge registration form and are not required to apply for and obtain a pollutant discharge permit.

Work Safety

Pursuant to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), promulgated on June 29, 2002, amended on June 10, 2021, and implemented on September 1, 2021, production and business units shall establish, improve, and implement a company-wide work safety responsibility system and work safety rules and regulations, increase investment in and guarantee the provision of funds, materials, technology, and personnel for work safety, and improve work safety conditions. Production and business units shall provide work safety education and training to their employees to ensure that they possess the necessary work safety knowledge, are familiar with relevant work safety rules, regulations and safe operation procedures, master the safe operation skills for their positions, understand accident emergency response measures, and are aware of their rights and obligations in terms of work safety. Employees who have not passed work safety education and training are not permitted to work at their posts.

Laws and Regulations on Cybersecurity, Data Security and Personal Information Protection

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), promulgated by the SCNPC on November 7, 2016, implemented on June 1, 2017, amended on October 28, 2025 and effective from January 1, 2026, those who construct or operate networks or provide services via networks shall, in accordance with laws, regulations and mandatory requirements of national standards, take technical measures and other necessary measures to ensure the secure and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal and criminal activities on the network, and maintain the integrity, confidentiality, and availability of network data.

Pursuant to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), promulgated by the SCNPC on June 10, 2021 and effective from September 1, 2021, the State establishes a data classification and hierarchical protection system. Data shall be subject to classified and hierarchical protection based on its importance in economic and social development, and the degree of harm to national security, public interests, or the legitimate rights and interests of individuals or organizations once it is tampered with, destroyed, leaked, or illegally obtained or used. Data processing activities shall be carried out in accordance with the provisions of laws and regulations, establishing and improving a full-process data security management system, organizing data security education and training, and taking corresponding technical measures and other necessary measures to ensure data security.

The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), promulgated by the SCNPC on August 20, 2021 and effective from November 1, 2021, provides that (i) the processing of personal information shall have a clear legal basis (such as obtaining individual consent or being necessary for the performance of a contract to which the individual is a party, among others); (ii) the processing of personal information shall have a clear and reasonable purpose, be directly relevant to the processing purpose, and be conducted in a manner that has the minimum impact on the rights and interests of individuals; (iii) the collection of personal information shall be limited to the minimum scope necessary to achieve the processing purpose, so as to avoid excessive collection of personal information. Different types of personal information and the processing thereof are subject to various rules regarding consent, transfer and security. Entities that process personal information are responsible for their personal information

processing activities and shall take necessary measures to safeguard the security of the personal information they process. Otherwise, the entities processing personal information may be ordered to make corrections, suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

The Cyberspace Administration of China and other PRC regulatory authorities issued the Measures for Cybersecurity Review (《網絡安全審查辦法》) on December 28, 2021, which came into effect on February 15, 2022. According to the measures, where operators of critical information infrastructure procure network products and services, or network platform operators carry out data processing activities that affect or may affect national security, they shall undergo a cybersecurity review.

According to the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》), promulgated by the State Council on September 24, 2024 and effective from January 1, 2025. Where network data processors carry out data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant regulations. Where important data collected and generated by network data processors during their operations within the territory of the People's Republic of China indeed needs to be provided overseas, it shall pass a data export security assessment organized by the national cyberspace administration department. If a network data processor identifies and declares important data in accordance with relevant state regulations, but has not been informed or publicly announced by the relevant regions or departments that such data is important data, it is not required to declare it as important data for a data export security assessment.

Laws and Regulations on Intellectual Property

Trademarks

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), promulgated by the SCNPC on August 23, 1982 and amended on April 23, 2019, and implemented on November 1, 2019, the period of validity of a registered trademark is ten years, calculated from the date of approval of the registration. The registrant shall handle renewal procedures within the twelve months prior to the expiration date. A grace period of six months may be granted if the registrant fails to do so during this period. The validity period of each renewal of registration is ten years, calculated from the day following the expiration of the previous validity period of the trademark. If the renewal procedures are not completed upon expiry, its registered trademark shall be cancelled. The administrative department for industry and commerce has the authority to investigate and handle any act of infringing the exclusive right to use a registered trademark in accordance with the law; If a crime is suspected, the case shall be promptly transferred to the judicial authorities for handling. The said law was amended on June 26, 2026, and will be implemented on January 1, 2027.

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, and amended on October 17, 2020, and implemented on June 1, 2021, and the Implementing Regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, amended on December 11, 2023 and implemented on January 20, 2024, the term of an invention patent right is twenty years, the term of a utility model patent right is ten years, and with effect from June 1, 2021, the term of a design patent right for an application filed on or after June 1, 2021 has been extended to fifteen years (calculated from the date of application).

Copyrights

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990 and amended on November 11, 2020, and implemented on June 1, 2021, and the Regulations for the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, amended on January 30, 2013 and implemented on March 1, 2013, copyright owners enjoy various personal and property rights, including the rights of publication, authorship, reproduction, and dissemination via information networks.

To further implement the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991, amended on January 30, 2013 and implemented on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on April 6, 1992, amended on June 18, 2004 and implemented on July 1, 2004, PRC citizens, legal persons or other organizations shall enjoy the copyright in the software they have developed, whether published or not. A software copyright owner may apply for registration with a software registration agency recognized by the copyright administrative department of the State Council. The registration certificate issued by the software registration agency serves as preliminary proof of the registered matters. The National Copyright Administration is in charge of the nationwide administration of software copyright registration and has designated the Copyright Protection Center of China as the software registration agency.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, those who establish domain name root servers and their operating institutions, domain name registration management institutions, and domain name registration service institutions within the PRC shall obtain a license from the MIIT or the communications administration departments of provinces, autonomous regions, or municipalities directly under the Central Government in accordance with these measures. Domain name registration services are, in principle, based on a "first-come, first-served" basis.

Laws and Regulations on Labor and Social Security

Labor

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994 and amended and implemented on December 29, 2018, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and implemented on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), promulgated and implemented by the State Council on September 18, 2008, an employer shall enter into a written labor contract with an employee to establish a labor relationship. Wages shall not be lower than the local minimum wage standards. Employers shall establish and improve labor rules and regulations in accordance with the law to ensure that laborers enjoy labor rights and perform labor obligations.

Social Insurance

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010 and amended and implemented on December 29, 2018, and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), promulgated by the State Council on January 22, 1999 and amended and implemented on March 24, 2019, employers shall pay social insurance premiums for their employees, including basic pension

insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance. Where an employer fails to pay the social insurance premiums in full and on time, the social insurance premium collection agency shall order it to pay or make up the shortfall within a time limit, and a late payment fee of 0.05% per day shall be imposed from the date of default; if the payment is still not made after the deadline, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount in arrears.

Housing Provident Fund

According to the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and amended and implemented on March 24, 2019, an employer shall handle the housing provident fund contribution registration at the housing provident fund management center, and after review by the housing provident fund management center, handle the procedures for setting up housing provident fund accounts for its employees at an entrusted bank. Employers shall also make timely and full contributions to the housing provident fund for their employees. If an employer violates the above provisions by failing to handle the housing provident fund contribution registration or failing to handle the procedures for setting up housing provident fund accounts for its employees, the housing provident fund management center shall order it to do so within a time limit; if it fails to do so within the time limit, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed. If an employer violates the regulations by failing to make timely or full housing provident fund contributions, the housing provident fund management center has the right to order it to make the payment within a specified period; if it still fails to make the payment upon expiry of the period, an application may be made to a people's court for compulsory enforcement.

Laws and Regulations on Taxation

Enterprise Income Tax (EIT)

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "**EIT Law**"), promulgated by the SCNPC on March 16, 2007 and amended and implemented on December 29, 2018, and the Regulations on the Implementation of the EIT Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), promulgated by the State Council on December 6, 2007, amended on December 6, 2024 and implemented on January 20, 2025, an enterprise established within the PRC in accordance with the law, or an enterprise established under foreign (regional) law but whose de facto management body is within the PRC, is considered a resident enterprise. A resident enterprise shall pay EIT at a rate of 25% on any income derived from sources within or outside the PRC. The State grants preferential EIT treatment to industries and projects that it prioritizes for support and encourages for development. For High and New Technology Enterprises supported by the state, a reduced EIT rate of 15% is applied. In addition, eligible small low-profit enterprises are entitled to certain preferential tax treatment.

According to the Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (《關於小微企業和個體工商戶所得税優惠政策的公告》) issued on March 26, 2023 and the Announcement on Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (《關於進一步支持小微企業和個體工商戶發展有關税費政策的公告》) promulgated on August 2, 2023 and implemented from January 1, 2023, the policy for small low-profit enterprises with an annual taxable income of less than RMB1 million, under which their taxable income is calculated at 25% of the actual amount and EIT is paid at a rate of 20%, has been extended to December 31, 2027. From January 1, 2023 to December 31, 2027, a 50% reduction shall be applied to the resource tax (excluding water resource tax), urban maintenance and construction tax, real estate tax, urban and township land use tax, stamp duty (excluding securities transaction stamp duty), farmland occupation tax, education surcharge, and local education surcharge for small-scale value-added tax taxpayers, small low-profit enterprises, and individual industrial and commercial households.

According to the EIT Law, income derived from projects in agriculture, forestry, animal husbandry, and fishery may be exempted from or subject to a reduction in EIT. According to the Regulations on the Implementation of the EIT Law (《中華人民共和國企業所得税法實施條例》), income derived from the breeding of livestock and poultry and the preliminary processing of agricultural products may be exempted from EIT.

According to the Announcement on the Continuation of the Enterprise Income Tax Policy for the Western Development (《關於延續西部大開發企業所得税政策的公告》), issued by the Ministry of Finance, the SAT, and the NDRC on April 23, 2020 and implemented on January 1, 2021, from January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western regions shall be subject to EIT at a reduced rate of 15%.

Value-Added Tax

According to the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》), promulgated by the State Council on December 13, 1993 and amended and implemented on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》), promulgated by the Ministry of Finance and the SAT on December 25, 1993, amended on October 28, 2011 and implemented on November 1, 2011, entities and individuals that sell goods, provide processing, repair and replacement services, sell services, intangible assets or real estate, or import goods within the PRC are taxpayers of value-added tax. Unless otherwise provided in the foregoing regulations, the applicable value-added tax rate for the sale or import of goods was generally 17%.

According to the Notice on Adjusting Value-Added Tax Rates (《關於調整增值税税率的通知》), promulgated by the Ministry of Finance and the SAT on April 4, 2018 and implemented on May 1, 2018, where a taxpayer engaged in a value-added tax-taxable sale or imported goods to which the 17% or 11% tax rates were originally applicable, the tax rates were adjusted to 16% and 10%, respectively.

According to the provisions of the Announcement on Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》), promulgated by the Ministry of Finance, the SAT and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, where a taxpayer engaged in a value-added tax-taxable sale or imported goods to which the 16% tax rate was originally applicable, the value-added tax rate was adjusted to 13%; where the 10% tax rate was originally applicable, the value-added tax rate was adjusted to 9%.

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值税法》), promulgated by the SCNPC on December 25, 2024 and to be implemented on January 1, 2026, for general value-added tax taxpayers selling goods, labor services, tangible movable property leasing services or importing goods, the value-added tax rate is adjusted to 13%; for general value-added tax taxpayers selling transportation, postal, basic telecommunication, construction, and real estate leasing services, selling real estate, and transferring land use rights, the value-added tax rate is adjusted to 9%. From the date of implementation of the Value-Added Tax Law of the People's Republic of China (i.e., January 1, 2026), the Provisional Regulations on Value-Added Tax of the People's Republic of China will be repealed simultaneously.

According to the Provisional Regulations on Value-Added Tax of the People's Republic of China and the Value-Added Tax Law of the People's Republic of China, self-produced agricultural products of an enterprise are exempt from value-added tax. The Notice on the Exemption of Feed Products from Value-Added Tax (《關於飼料產品免征增值税問題的通知》) provides that single bulk feed, mixed feed, compound feed, compound premix and concentrated feed are exempt from value-added tax.

Regulations on Filing for Overseas Listing

According to the Securities Law of the People's Republic of China (《中華人民共和國證券法》), promulgated by the SCNPC on December 29, 1998, amended on December 28, 2019 and implemented on March 1, 2020, where a domestic enterprise directly or indirectly issues securities overseas, or lists its securities overseas, it shall comply with the relevant provisions of the State Council; For the subscription and trading of shares of domestic companies in foreign currencies, the specific measures shall be separately stipulated by the State Council. The CSRC is the securities regulatory authority established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market. Currently, the overseas issuance of securities and listing by PRC domestic enterprises are primarily governed by the regulations and rules promulgated by the State Council and the CSRC.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and its supporting guidelines, promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, where a domestic enterprise directly or indirectly issues securities overseas or lists its securities for trading overseas, it shall file with the CSRC within 3 working days after submitting its application documents for overseas issuance and listing. Overseas issuance and listing shall be prohibited under any of the following circumstances:

(i) where listing and financing are expressly prohibited by laws, administrative regulations, or relevant state provisions;

(ii) the overseas issuance and listing are determined by the relevant competent departments of the State Council, after review in accordance with the law, to be likely to endanger national security;

(iii) where the domestic enterprise or its controlling shareholder or de facto controller has committed criminal offenses such as corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the last 3 years;

(iv) where the domestic enterprise is under investigation for suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached;

(v) there is a major ownership dispute over the equity held by the controlling shareholder or by a shareholder controlled by the controlling shareholder or de facto controller.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented on March 31, 2023, domestic enterprises shall establish a confidentiality and archives system when offering and listing securities in overseas markets. Domestic enterprises include domestic joint stock limited companies that directly issue and list overseas and the domestic operating entities of entities that indirectly issue and list overseas.

OVERVIEW

We are a leading buffalo dairy company in China, strategically focusing on the buffalo dairy products segment. Through years of 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. Our history can be traced back to December 2017, when the predecessor of our Company, namely Guangxi Lingshan Baifei Buffalo Dairy Co., Ltd.* (廣西靈山百菲水牛奶業有限公司) was established. In December 2019, our Company was converted into a joint stock company with limited liability. Mr. Wu Shouyun, our executive Director, chairman of the Board and general manager, has led the Group's overall operations and management since he founded our Group in December 2017. For details of the biography of Mr. Wu Shouyun, see "Directors and Senior Management" in this document.

KEY DEVELOPMENT MILESTONES

The following table illustrates the key milestones of our business development since our establishment and up to the Latest Practicable Date:

Year	Milestone
2017	• Our Company was incorporated in Lingshan County, Guangxi Province.
2018	• We established Guangxi Lingshan Baifei Dairy Buffalo Breeding Co., Ltd.* (廣西靈山百菲奶水牛養殖有限公司) ("**Baifei Breeding**"), focusing on dairy-buffalo breeding.
2019	• We established Hunan Baifei Dairy Co., Ltd.* (湖南百菲乳業有限公司) and Zhejiang Baifei Dairy Co., Ltd.* (浙江百菲乳業有限公司) to operate dairy production facilities across Hunan and Zhejiang.
2021	• Our dairy production facility in Cangnan (Zhejiang) commenced production.
2022	• We established Baifei E-Commerce to centralize the management of our e-commerce operations.
2023	• The gross floor area of our dairy production facility in Lingshan (Guangxi) was expanded to 54,275 square meters. • The annual revenue of our Group reached RMB1,000 million. • Our low-temperature dairy production line equipped with pasteurization technology and low-temperature aseptic cold-filling technology commenced operation.
2024	• We established a joint buffalo research center in collaboration with China Agricultural University (中國農業大學), focusing on buffalo breeding, nutritional profiling, processing technologies and product development. • We acquired Saishang Baifei, thereby diversifying our supply base and securing access to high-quality sources of milk for our products. • We launched our self-operated smart dairy farm investment project, the Guigang Dairy Buffalo Farm, to increase our self-sufficiency rate.

Year	Milestone
2025	• We obtained the certificate for "National Key Leading Enterprise in Agricultural Industrialization" from the Ministry of Agriculture and Rural Affairs of the PRC. • We launched our Bird's Nest Buffalo Milk products. • Our AI-enabled automated packaging line and smart warehousing system commenced operation. • We ranked first in China's buffalo dairy products market in terms of online retail sales value of buffalo liquid milk.
2026	• Our Luwu Dairy Buffalo Farm in Lingshan County, which is equipped with digital farming capabilities for precision feeding and health monitoring, commenced operation.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of major subsidiary	Date of incorporation	Place of incorporation	Equity interest attributable to the Group	Principal activities
Zhejiang Baifei	August 14, 2019	PRC	100%	Manufacture and sales of dairy products
Zhejiang Trading . . .	January 25, 2022	PRC	100%	Sales of dairy products
Baifei E-Commerce .	July 26, 2022	PRC	100%	Online sales of dairy products
Guangxi Trading . . .	February 1, 2024	PRC	100%	Procurement of packaging materials
Saishang Baifei	September 23, 2020	PRC	60%	Raising and breeding of dairy cows, and production of raw milk

As of the Latest Practicable Date, our Company had 23 subsidiaries. For details on share capital changes of the subsidiaries, see "Appendix VI — Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of our Subsidiaries" in this document.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and early development of our Company from 2017 to 2019

(1) Establishment of our Company in 2017

On December 27, 2017, Guangxi Lingshan Baifei Buffalo Dairy Co., Ltd.* (廣西靈山百菲水牛奶業有限公司), the predecessor of our Company, was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB11,880,000. At the time of the establishment, our Company was wholly-owned by Baifei Investment, which was in turn owned as to approximately 85.00% and 15.00% by Mr. Wu Shouyun and Mr. Wu Shouzao[1] (吳守造).

(2) Capital increase and business combination in 2018

On November 23, 2018, Baifei Investment, the then sole Shareholder, made a capital contribution to increase the registered capital of our Company to RMB16,700,000, of which RMB873,270 was paid in cash, and RMB15,826,730 was settled by way of in-kind contribution, comprising buildings, plant and machinery and land use rights, which had been appraised by an independent professional valuer. The capital contribution in kind formed part of the integration of Baifei Investment's business into our Group. As part of such business integration, on December 8, 2018, Baifei Investment also transferred its assets relating to buffalo farming operations, including buildings, plant and machinery and the buffalo herd, to Baifei Breeding, a wholly-owned subsidiary of our Company, at a consideration of RMB14,677,946.87, which was determined with reference to the net book value of the transferred assets as of November 30, 2018. Upon completion of the business combination in May 2020, Baifei Investment ceased to have any actual operations and became an investment holding company.

On December 19, 2018, Baifei Investment further subscribed for an increase in the registered capital of our Company of RMB15,000,000 at par value in cash. Upon completion of such capital contribution, the registered capital of our Company increased to RMB31,700,000.

(3) Equity transfer in 2019

On November 25, 2019, Baifei Investment entered into an equity transfer agreement with Mr. Wu Shouyun, Mr. Wu Lianqiao (the son of Mr. Wu Shouyun) and Ms. Wu Shanshan (the daughter of Mr. Wu Shouyun), pursuant to which Baifei Investment transferred approximately 0.28%, 0.19% and 0.09% equity interest in our Company to Mr. Wu Shouyun, Mr. Wu Lianqiao and Ms. Wu Shanshan at a consideration of RMB315,000, RMB210,000 and RMB105,000, respectively. The considerations were determined based on arm's length negotiation between the parties with reference to the net asset value of our Company as of September 30, 2019 and settled on November 29, 2019.

1 Mr. Wu Shouzao is the brother of Mr. Wu Shouyun. He transferred an aggregate of 14.59% equity interest in Baifei Investment to Mr. Wu Shouyun in 2019 at the total consideration of RMB6,065,500. The total consideration was determined based on arm's length negotiation between the parties with reference to the net asset value of Baifei Investment at that time and settled in 2019. In 2021, he further transferred the remaining 0.41% equity interest in Baifei Investment to Mr. Wu Shouyun at a consideration of RMB49,000. The consideration was determined based on arm's length negotiation between the parties with reference to the paid-in registered capital of Baifei Investment and settled in 2021. Upon completion of the transfers, Mr. Wu Shouzao no longer held any equity interest in Baifei Investment. Mr. Wu Shouyun subsequently transferred such 0.41% equity interest in Baifei Investment to Mr. Wu Lianqiao at the same consideration on the even date.

The shareholding structure of our Company immediately following the completion of the above transactions was as follows:

Shareholders	Registered capital subscribed for	Shareholding
	(RMB)	*(%)*
Baifei Investment	31,520,000	99.43
Mr. Wu Shouyun	90,000	0.28
Mr. Wu Lianqiao	60,000	0.19
Ms. Wu Shanshan	30,000	0.09
Total	**31,700,000**	**100.00**

Conversion into a joint-stock company in 2019

On December 31, 2019, our Company was converted into a joint stock company with limited liability, and the company name was changed to "Guangxi Baifei Dairy Co., Ltd. (廣西百菲乳業股份有限公司)." Upon completion of the conversion, the registered capital of our Company was RMB31.70 million, which was divided into 31,700,000 Shares with a nominal value of RMB1.00 each.

Establishment of Employee Shareholding Platform in 2020

Qiangfei Investment was established as the employee shareholding platform of our Group in November 2019. Pursuant to two capital increase agreements dated June 24, 2020 and November 21, 2020, Qiangfei Investment subscribed for 574,231 Shares and 300,000 Shares at a consideration of RMB6,523,264 and RMB3,408,000, respectively. The considerations were determined with reference to the net asset value of our Company at that time and settled on July 16, 2020 and December 17, 2020, respectively. For details of Qiangfei Investment, see "— Employee Shareholding Platform" below.

The shareholding structure of our Company immediately following the completion of the above transactions was as follows:

Shareholders	Number of Shares	Shareholding
		(%)
Baifei Investment	31,520,000	96.76
Qiangfei Investment	874,231	2.68
Mr. Wu Shouyun	90,000	0.28
Mr. Wu Lianqiao	60,000	0.18
Ms. Wu Shanshan	30,000	0.09
Total	**32,574,231**	**100.00**

Introduction of Pre-[REDACTED] Investors in 2021

On August 3, 2021, our Company entered into a capital increase agreement with Guangzhou Yijian Dexuedu Venture Capital Partnership (Limited Partnership)* (廣州易簡德學度創業投資合夥企業(有限合夥), "**Yijian Dexuedu**", formerly known as Guangzhou Yijian Dexuedu Equity Investment Partnership (Limited Partnership)* (廣州易簡德學度股權投資合夥企業(有限合夥)), Guangzhou Yijian Guangmao Equity Investment Partnership (Limited Partnership)* (廣州易簡光懋股權投資合夥企業(有限合夥)) (**"Yijian Guangmao"**) and Guangzhou Yijian Qingben Equity Investment Partnership (Limited Partnership)* (廣州易簡

慶犇股權投資合夥企業(有限合夥)) (**"Yijian Qingben"**), pursuant to which Yijian Dexuedu, Yijian Guangmao and Yijian Qingben agreed to subscribe for 1,753,997 Shares, 751,713 Shares and 751,713 Shares at a consideration of approximately RMB70 million, RMB30 million and RMB30 million, respectively. For details, see "— Pre-[**REDACTED**] Investment" below.

The shareholding structure of our Company immediately following the completion of the above transaction was as follows:

Shareholders	Number of Shares	Shareholding
		(%)
Baifei Investment	31,520,000	87.97
Yijian Dexuedu	1,753,997	4.90
Qiangfei Investment	874,231	2.44
Yijian Guangmao	751,713	2.10
Yijian Qingben	751,713	2.10
Mr. Wu Shouyun	90,000	0.25
Mr. Wu Lianqiao	60,000	0.17
Ms. Wu Shanshan	30,000	0.08
Total	**35,831,654**	**100.00**

Capitalization issue in 2023

On July 10, 2023, our Company issued 129,670,746 Shares to our then existing Shareholders in proportion to their respective shareholdings by way of the capitalization of our Company's capital reserve.

The shareholding structure of our Company immediately following the completion of the capitalization issue was as follows:

Shareholders	Number of Shares	Shareholding
		(%)
Baifei Investment	145,587,353	87.97
Yijian Dexuedu	8,101,516	4.90
Qiangfei Investment	4,037,975	2.44
Yijian Guangmao	3,472,078	2.10
Yijian Qingben	3,472,078	2.10
Mr. Wu Shouyun	415,700	0.25
Mr. Wu Lianqiao	277,133	0.17
Ms. Wu Shanshan	138,567	0.08
Total	**165,502,400**	**100.00**

Quotation on the NEEQ since 2024

On June 28, 2024, all issued Shares of our Company were quoted for trading on the NEEQ under the stock code 874376. No share issuance or share transfer was involved at the time of the quotation on the NEEQ and there has been no change in the shareholding structure of our Company since our quotation on the NEEQ.

As confirmed by our PRC Legal Advisor, based on the search results on the website of NEEQ, our Company had not been subject to any disciplinary action by NEEQ during the quotation on the NEEQ. Our Directors confirmed that, during the period of quotation on the NEEQ, (i) our Company had been in compliance in all material respects with all applicable rules and regulations of the NEEQ; (ii) our Company had not been subject to any administrative penalty or disciplinary action by the NEEQ; and (iii) there has not been any matter that should be brought to the attention of the Stock Exchange and the potential [**REDACTED**]. Based on the view of our PRC Legal Advisor as disclosed above and the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cast reasonable doubt on the views and conclusions of our Directors and our PRC Legal Advisor above.

PRC REGULATIONS COMPLIANCE

As advised by our PRC Legal Advisor, the equity transfers and increases in the registered capital in respect of our Company as described above have obtained and completed all the necessary regulatory approvals, registrations or filings in accordance with PRC laws and regulations.

EMPLOYEE SHAREHOLDING PLATFORM

To provide incentives to our employees for long-term development of our Group and in recognition of their contributions, Qiangfei Investment was established as our employee shareholding platform.

Qiangfei Investment was a limited partnership established under the laws of the PRC on November 21, 2019, holding approximately 2.44% of the total issued Shares of our Company as of the Latest Practicable Date.

The general partner of Qiangfei Investment is Mr. Lao Shaojian (勞紹堅), the head of production department of our Company, holding approximately 1.01% partnership interest in Qiangfei Investment. The limited partners of Qiangfei Investment include (i) Mr. Wu Shouyun (our executive Director and general manager), holding approximately 0.34% partnership interest, (ii) Ms. Zeng Yaoyao (曾瑤瑤), the spouse of Mr. Wu Lianqiao (our executive Director), holding approximately 21.85% partnership interest, (iii) Mr. Xiao Ruotuan (肖若團), the brother-in-law of Mr. Wu Shouyun, holding approximately 20.59% partnership interest, (iv) Mr. Yang Chengli (楊成立), the brother-in-law of Mr. Wu Shouyun, holding approximately 18.30% partnership interest, (v) Mr. Wu Ji (吳集), the cousin of Mr. Wu Shouyun, holding approximately 18.02% partnership interest, and (vi) three employees and a former employee of our Company each holding less than 20% partnership interest therein.

CONCERT PARTY AGREEMENT

Pursuant to the concert party agreement entered into by Mr. Wu Shouyun and Mr. Wu Lianqiao (collectively, the "**Concert Party Group**") on December 22, 2023 (the "**Concert Party Agreement**"), the Concert Party Group agreed that (i) they shall consult each other in respect of the decision making relating to the business operation and corporate governance of our Company and reach consensus before voting unanimously at the general meetings or board meetings of the Company, and (ii) if the Concert Party Group would not reach consensus on certain issues in respect of the material matters of our Company, Mr. Wu Shouyun's decisions shall prevail. The Concert Party Agreement will remain valid for so long as the parties hold Shares in our Company.

PRE-[REDACTED] INVESTMENT

Overview

The following table summarizes the key terms of the Pre-[**REDACTED**] Investment to our Company made by the Pre-[**REDACTED**] Investors:

Date of agreement	August 3, 2021
Name of Investors	Yijian Dexuedu, Yijian Guangmao, Yijian Qingben
Full settlement date	August 26, 2021
Number of Shares subscribed for	3,257,423 Shares
Total consideration paid	RMB130 million
Approximate cost per Share	RMB39.91
Discount to the [REDACTED][(1)]	[**REDACTED**]
Basis of consideration	The consideration was determined having taken into account various factors, including the historical operating performance, the industry ranking, the timing of investments and the business prospects of our Company.
Use of Proceeds from the Pre-[REDACTED] Investment	We utilized the proceeds from the Pre-[**REDACTED**] Investment for business operations, expansion and general corporate purposes. As of the Latest Practicable Date, the net proceeds from the Pre-[**REDACTED**] Investment had been fully utilized.
Strategic benefits to our Company	At the time of the Pre-[**REDACTED**] Investment, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investment to our Group, industry insights, advice on business expansion and strategic direction, upstream and downstream resources that the Pre-[**REDACTED**] Investors brought to our Company, and the knowledge and experience of the Pre-[**REDACTED**] Investors. Their investment also demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects.
Lock-up period	The Pre-[**REDACTED**] Investors are not subject to lock-up restrictions.
Special Rights	No special rights were granted to the Pre-[**REDACTED**] Investors under the relevant agreements of the Pre-[**REDACTED**] Investment.

Note(s):

(1) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**], and the currency translation of HKD1.00 to RMB0.8675, after taking into account the capitalization issue conducted by our Company in 2023. For details of the capitalization issue, see "— Corporate Development and Major Shareholding Changes."

(2) The Pre-[**REDACTED**] investment is not in the form of share-based payment.

Information relating to our Pre-[REDACTED] Investors

Set out below is the information of our Pre-[**REDACTED**] Investors, namely Yijian Dexuedu, Yijian Guangmao and Yijian Qingben (collectively, the "**Yijian Investors**"). To the best knowledge of our Directors, each of the Yijian Investors and where applicable, their respective general partner(s), limited partner(s) and ultimate beneficial owner(s) is an Independent Third Party.

Each of the Yijian Investors is a limited partnership established under the laws of the PRC and primarily engaged in equity investment. As of the Latest Practicable Date, the Yijian Investors held approximately 9.09% of the total Shares of our Company.

Their general partner is Guangdong Yijian Investment Co., Ltd.* (廣東易簡投資有限公司) (**"Yijian Investment"**), which is owned as to approximately 53.50% by Mr. Hu Yanjun (胡衍軍). None of the other shareholders of Yijian Investment holds 30% or more equity interest therein.

Save for Mr. Xie Yong (謝邕) who held approximately 90.00% partnership interest therein, none of the other limited partners of Yijian Dexuedu held approximately 30% or more partnership interest therein as of the Latest Practicable Date.

None of the limited partners of Yijian Guangmao held 30% or more partnership interest therein as of the Latest Practicable Date.

Save for Mr. Chen Xilai (陳希來) who held 40.19% therein, none of the other limited partners of Yijian Qingben held 30% or more partnership interest therein as of the Latest Practicable Date.

Compliance with the Guide for New Listing Applicants on Pre-[REDACTED] Investment

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investment was settled more than 28 clear days before the date of first submission of the [**REDACTED**] to the Stock Exchange and (ii) no special rights were granted to the Pre-[**REDACTED**] Investors under the relevant agreements of the Pre-[**REDACTED**] Investment, the Sole Sponsor confirmed that the Pre-[**REDACTED**] Investment is in compliance with the Pre-[**REDACTED**] Investment Guidance as set out in Chapter 4.2 of the Guide for New Listing Applicants.

PUBLIC FLOAT

Rule 19A.13A(1) of the Listing Rules requires that there must be an open market in the securities for which listing is sought. Where a new applicant is a PRC issuer with no other listed shares at the time of listing, where the expected market value of the class of shares to which H shares belong at the time of listing does not exceed HK$6,000,000,000, at least 25% of the total number of shares in the class to which H shares belong must all times be held by the public.

Our Domestic Shares quoted on the NEEQ are not counted towards our public float for the purpose of Rule 19A.13A(1) of the Listing Rules. Based on the [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per H Share, being the low, mid and high end of our indicative [**REDACTED**] range, our Company's expected market capitalization of Shares is approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**]. On the basis that no H Shares will be allocated under the [**REDACTED**] to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules, it is expected that immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), [**REDACTED**] H Shares will be counted as our public float, representing at least [**REDACTED**]% of the total issued Shares of our Company.

As such, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Our Domestic Shares quoted on the NEEQ are not counted as other listed shares for the purpose of Rule 19A.13C(1) of the Listing Rules. To the best knowledge of our Directors, the [**REDACTED**] H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] are expected to be held by the public and will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise). Based on a minimum [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], our Company will satisfy the free float requirements under Rule 19A.13C of the Listing Rules.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

To secure a stable supply of high-quality raw milk and expand into upstream dairy farming, on August 29, 2024, our Company, Ms. Ma Jiahui (馬佳慧) and Saishang Baifei entered into a capital increase agreement, pursuant to which each of our Company and Ms. Ma Jiahui subscribed for additional registered capital of Saishang Baifei at a consideration of RMB60 million and RMB31.20 million at par value, respectively (the "**Capital Increase**"). The considerations were settled on October 18, 2024 in cash.

Saishang Baifei was established in the PRC with limited liability on September 23, 2020 and is principally engaged in raising and breeding of dairy cows and production of raw milk. Immediately prior to the completion of the Capital Increase, Saishang Baifei was wholly-owned by Ms. Ma Jiahui, an Independent Third Party at that time. Upon completion of the Capital Increase, Saishang Baifei was owned as to 60% and 40% by our Company and Ms. Ma Jiahui, respectively. As of the Latest Practicable Date, Saishang Baifei was a non-wholly owned subsidiary of our Company.

Our Directors have confirmed that none of the applicable percentage ratios as stipulated under the Listing Rules of the abovementioned acquisition of Saishang Baifei reaches or exceeds 25%. Accordingly, the relevant pre-acquisition financial information of Saishang Baifei is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

As advised by our PRC Legal Advisor, the Capital Increase has obtained and completed all the necessary regulatory approvals, registrations or filings in accordance with PRC laws and regulations.

Save for the Capital Increase, we had not conducted any other major acquisition, disposal or merger during the Track Record Period and up to the Latest Practicable Date.

PREVIOUS A SHARE LISTING ATTEMPTS AND REASONS FOR THE [REDACTED]

Our Company had historically explored the opportunity of establishing a capital market platform in the A-share market in the PRC (the "**Previous A Share Listing Attempts**"):

(i) ***First A Share Listing Attempt***: In June 2023, we made a listing tutoring filing with the Guangxi office of CSRC (中國證券監督管理委員會廣西監管局) in preparation for a proposed A-share listing on the Shanghai Stock Exchange. In view of evolving capital market and regulatory conditions, which led to uncertainties in the expected listing timetable, in August 2024, we decided to change the listing venue for our Shares from the Shanghai Stock Exchange to the Beijing Stock Exchange. We subsequently submitted an A-share listing

application to the Beijing Stock Exchange on November 29, 2024. Following the introduction of new regulatory guidance and the positioning of the Beijing Stock Exchange, and after evaluating the positioning of our principal business, we withdrew our A-share listing application to the Beijing Stock Exchange on December 13, 2024 before the application was formally accepted by the Beijing Stock Exchange, and decided to pursue a listing on the Shanghai Stock Exchange instead.

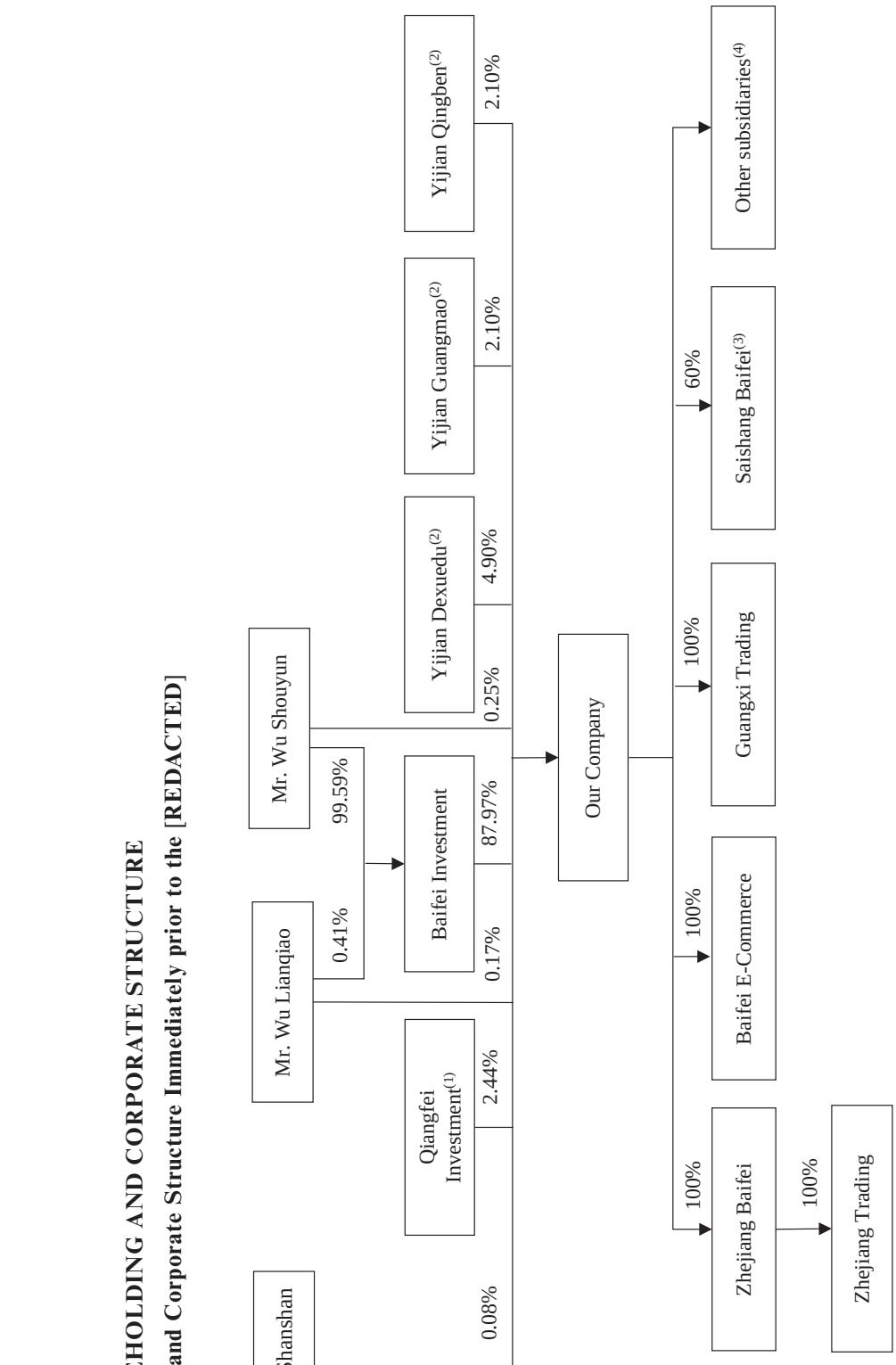
(ii) ***Second A Share Listing Attempt***: On June 6, 2025, we submitted an A share listing application to the Shanghai Stock Exchange (the "**Second A Share Listing Attempt**"). On July 10, 2025, we received the first comment letter from the Shanghai Stock Exchange. While preparing the response, we were monitoring continuously the market conditions in both domestic A Share and international stock markets and reassessing our financing and capital markets strategy. Taking into account the prevailing market conditions and our overall corporate development strategies, our long-term strategic objectives, the opportunity to access a broader international investor base, as well as the more favourable timing available in the international capital markets, we decided to withdraw our A-share listing application to the Shanghai Stock Exchange on January 21, 2026 before completing the responses to the first comment letter, and to pursue a [**REDACTED**] on the Stock Exchange.

We believe that a [**REDACTED**] on the Stock Exchange would (a) provide us with an international platform to promote our market awareness worldwide, (b) gain access to international capital and optimize our capital structure, and (c) further raise our market profile and help us to attract international talents. Accordingly, we commenced preparation for our H-share [**REDACTED**].

Our Directors confirmed that, to their best knowledge, there are no other material matters in relation to the Previous A Share Listing Attempts that would affect our Company's suitability for a [**REDACTED**] on the Stock Exchange and are necessary to be disclosed in this document for potential [**REDACTED**] to form an informed assessment of our Company. Based on the independent due diligence conducted by the Sole Sponsor, nothing material has come to the Sole Sponsor's attention that contradicts the Directors' view disclosed above.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately prior to the [REDACTED]



Notes:

(1) For details, please see "— Employee Shareholding Platform."

(2) For details, please see "— Pre-[**REDACTED**] Investment."

(3) As of the Latest Practicable Date, Saishang Baifei was owned as to 40% by Ms. Ma Jiahui (馬佳慧), who is a connected person at subsidiary level by virtue of being a substantial shareholder, a director and the general manager of Saishang Baifei.

(4) As of the Latest Practicable Date, our other subsidiaries include 18 subsidiaries established in the PRC. Among them, the non-wholly owned subsidiaries of our Company include (i) Guangxi Baifei Fresh Dairy Products Sales Co., Ltd.* (廣西百菲新鮮乳製品銷售有限公司) ("**Guangxi Baifei Fresh Dairy**"), which is owned as to 40.00% and 30.00% by our Company and Mr. Zhang Xuguang (張旭光), an Independent Third Party, respectively. None of the other shareholders of Guangxi Baifei Fresh Dairy holds 30% or more equity interest therein; (ii) Hunan Baifei Fresh Dairy Products Co., Ltd.* (湖南百菲新鮮乳品有限公司) ("**Hunan Baifei Fresh Dairy**"), which is owned as to 40.00% and 30.00% by our Company and Mr. Cheng Yun (程雲), an Independent Third Party, respectively. None of the other shareholders of Hunan Baifei Fresh Dairy holds 30% or more equity interest therein; (iii) Guangxi Bolang Packaging Technology Co., Ltd.* (廣西鉑朗包裝科技有限公司) ("**Bolang Packaging**"), which is owned as to 67.00% and 33.00% by our Company and Guangxi Nanning Wanhao Jiaxin Paper Industry Co., Ltd.* (廣西南寧市萬豪佳鑫紙業有限責任公司) respectively, which is in turn owned as to approximately 71.28% and 28.72% by Mr. Liang Qijia (梁其佳) and Mr. Liang Changyi (梁昌嶷), respectively, each being an Independent Third Party; and (iv) Guangxi Baifei Tianrui Seed Co., Ltd.* (廣西百菲天瑞種業有限公司), which is ultimately owned as to 70.00% and 30.00% by our Company and Guangxi Tianrui Agriculture and Animal Husbandry Co., Ltd.* (廣西天瑞農牧有限公司) ("**Guangxi Tianrui**") respectively, which is in turn owned as to 70% by Mr. Ning Peng (寧鵬), an Independent Third Party. None of the other shareholders of Guangxi Tianrui holds 30% or more equity interest therein.

Shareholding and Corporate Structure Immediately upon Completion of the [REDACTED] (assuming the [REDACTED] is not exercised)

Notes: Please refer to the details contained in the preceding page.

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 buffalos, 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.

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

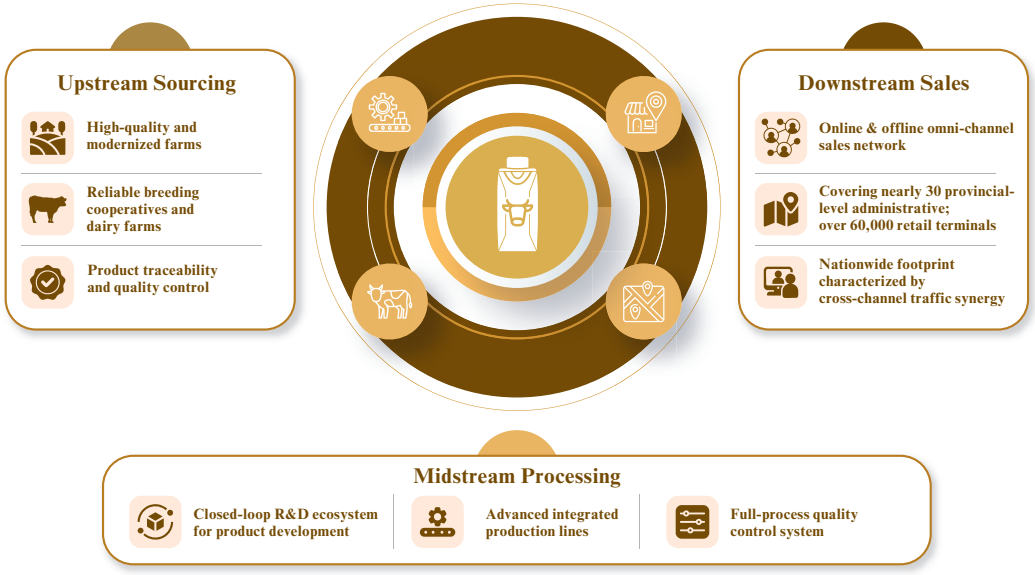
Since our establishment in 2017, we have focused on the development, production and sales of buffalo dairy products, building a brand matrix spanning multiple categories and price bands targeting different consumption scenarios and consumer groups. We are a nationwide distinctive dairy company recognized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

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.

- **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.

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.

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.

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

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,

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

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.

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.

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.

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.

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.

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 A2β-casein buffalo milk (A2β-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
3.8g Buffalo Milk	RMB4.9-5.0 per pack (200ml)	Each 100ml contains 3.8g of high-quality milk protein.
4.0g Buffalo Milk	RMB5.8-6.0 per pack (200ml)	Each 100ml contains 4.0g of high quality milk protein and 130mg of naturally occurring calcium.
4.0g Organic Dream Cap Buffalo Milk	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.

Product	MSRP	Key features
4.2g A2β Dream Cap Buffalo Milk	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.
4.3g Carat Dream Cap Buffalo Milk	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 A2β-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.

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.

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

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
Buffalo Yogurt Beverage	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.
Buffalo Sweet Milk Beverage	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.

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.

Product	MSRP	Key features
Xiaolao (小酪) Yogurt	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.

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
Bird's Nest Buffalo Milk	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.
Buffalo Milk Ice Cream Series	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.

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	%
	(RMB in thousands, except for percentages)							
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.

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.

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.

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, 2026	
	2023		2024		2025			
	Head	Value	Head	Value	Head	Value	Head	Value
	(RMB in thousands, except for Heads)							
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.

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.

- **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.

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)]	Maximum Production Capacity[(1)]	Actual Production Volume[(2)]	Utilization Rate[(3)]
	(Tonnes in thousands, except for percentage)											
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%	37.9	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	72.7%
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.

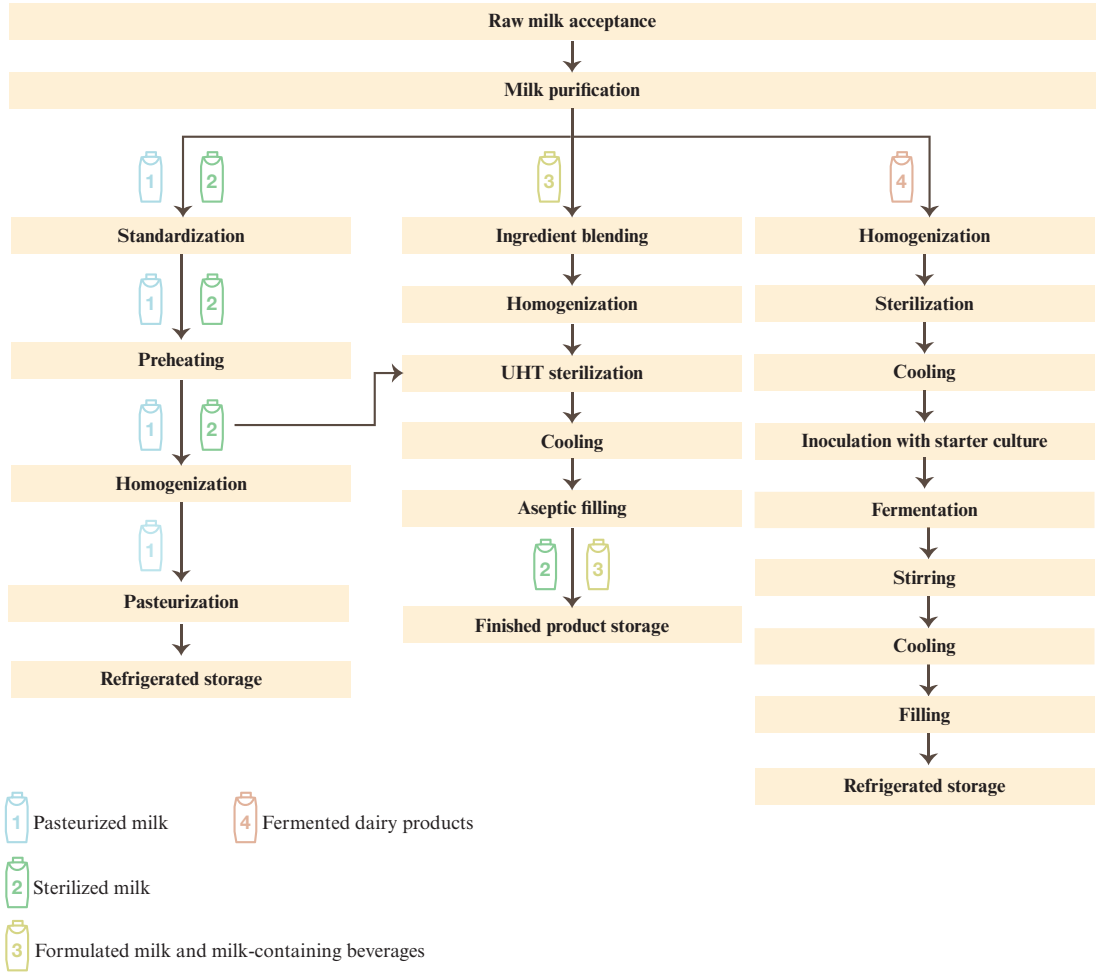
(4) The maximum production capacity of our low-temperature dairy products production lines decreased in 2025, primarily because we dismantled one PE bottle filling production line for low-temperature dairy products during the year to optimize our product line and improve commercial efficiency.

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

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.

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.

- **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.

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

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	**670**	**968**	**1,179**	**882**

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

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.

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.

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.

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.

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.

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	As a Percentage of Total Revenue	Year of Commencement of Business Relationship	Credit Term/Payment Arrangement
		(RMB in Thousands)	*(%)*		
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**		

Customer	Major Products Provided by Us	Revenue Contribution	As a Percentage of Total Revenue	Year of Commencement of Business Relationship	Credit Term/Payment Arrangement
		(RMB in Thousands)	*(%)*		
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.

(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**").

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;

- 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

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	As a Percentage of Total Purchases	Year of Commencement of Business Relationship	Credit Term/Payment Arrangement
		(RMB in Thousands)	*(%)*		
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."

(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,

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.

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

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

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

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.

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

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

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;

(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) (《信息安全管理審計制度(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

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

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.

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_2e	6,253.75	8,722.98	11,835.40	3,543.80
GHG emissions intensity (Scope 1 and Scope 2)	tCO_2e/RMB10,000 revenue	0.06	0.06	0.07	0.07
Scope 1 emissions[(1)]	tCO_2e	0	0	0	0
Scope 2 emissions[(2)]	tCO_2e	6,253.75	8,722.98	11,835.40	3,543.80
Scope 3 emissions[(3)]	tCO_2e	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 CO_2/kWh in 2023, as set out in the Announcement on the 2023 CO_2 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 kgCO_2/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.

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,
			2023	2024	2025	2026
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

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

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

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

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

OVERVIEW

We have, in our ordinary and usual course of business, entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Listing Rules). Upon [**REDACTED**], the transactions contemplated under such agreements will continue and therefore constitute continuing connected transactions of our Company under the Listing Rules.

CONNECTED PERSON

Upon [**REDACTED**], the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Company:

Connected Person	Connected Relationship
Mr. Ma Jiajun (馬佳軍) ("**Mr. Ma**") and his majority-controlled entities ("**Mr. Ma Controlled Entities**")	Mr. Ma is the brother of Ms. Ma Jiahui (馬佳慧), a substantial shareholder, a director and the general manager of Saishang Baifei. Accordingly, Mr. Ma is an associate of Ms. Ma and Mr. Ma Controlled Entities are therefore connected persons of our Company at the subsidiary level.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Counterparties	Applicable Listing Rules	Waiver Sought
1. Raw Milk Purchase Framework Agreement	Mr. Ma	14A.35, 14A.76(2) and 14A.105	Announcement
2. Logistics Services Framework Agreement	Mr. Ma	14A.35, 14A.76(2) and 14A.105	Announcement

We set out below a summary of the continuing connected transactions of our Group which are subject to the reporting, annual review and announcement requirements but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Raw Milk Purchase Framework Agreement

Principal terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a framework agreement (the **"Raw Milk Purchase Framework Agreement"**) with Mr. Ma (on behalf of himself and Mr. Ma Controlled Entities), pursuant to which our Group will purchase raw milk from Mr. Ma Controlled Entities. The Raw Milk Purchase Framework Agreement has a term commencing from the [**REDACTED**] to December 31, 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive raw milk purchase agreements to be entered into between members of our Group and Mr. Ma Controlled Entities will set out the specific terms and conditions according to the principal terms of the Raw Milk Purchase Framework Agreement.

Reasons for the Transaction

As a company principally engaged in the production and sale of dairy products, fresh raw milk is a key direct material for our production. Our Group purchases raw

milk from Mr. Ma Controlled Entities primarily due to their ability to provide a stable source of raw milk with consistent quality and quantity. Mr. Ma Controlled Entities operate a number of large-scale dairy farms with relatively strong breeding capabilities and quality control standards, enabling them to provide high-quality raw milk and a stable supply to our Group. In addition, given the concentration of milk sources in northern China and the competitive pricing of raw milk sourced from the region, procurement from Mr. Ma Controlled Entities is commercially beneficial to our Group and is consistent with industry practice. Considering factors such as raw milk quality, supply stability and procurement efficiency, our Directors believe that the continued procurement of raw milk from Mr. Ma Controlled Entities following the [**REDACTED**] is conducted on normal commercial terms, fair and reasonable, and in the interests of our Company and its Shareholders as a whole.

Pricing Policy

The prices and terms of raw milk to be purchased by our Group (including its subsidiaries from time to time) from Mr. Ma Controlled Entities shall in principle be no less favorable than those offered by independent third party dairy farms of similar scale located in the same geographical location with our Group or nearby, or in the absence of such dairy farms in such region, by similar dairy farms in other regions. The purchase price shall be determined after arm's length negotiations between the parties with reference to the type, quality grade, purchase volume and historical transaction price of raw milk, and shall be adjusted with reference to the prevailing market price influenced by factors including the market demand and seasonal factors. The quality of the raw milk supplied by Mr. Ma Controlled Entities shall comply with the standards prescribed by applicable laws and regulations and our Group's quality requirements.

Historical Amounts

Set out below are the historical transaction amounts with respect to our purchase of raw milk from Mr. Ma Controlled Entities during the Track Record Period:

	For the years ended December 31,			For the three months ended March 31,
Transaction	**2023**	**2024**	**2025**	**2026**
		RMB million		
Purchase of raw milk	–	42.82	29.68	0.43

Annual Cap and Basis of Annual Cap

Set out below are the proposed annual caps of the amount payable by our Group to Mr. Ma Controlled Entities for the procurement of raw milk pursuant to the Raw Milk Purchase Framework Agreement for the three years ending December 31, 2028:

	For the years ending December 31,		
Transaction	**2026**	**2027**	**2028**
		RMB million	
Purchase of raw milk . .	34.00	40.80	47.60

In determining such annual caps, our Directors have considered the following factors:

(i) the historical and prevailing market price for raw milk, and potential fluctuations in the market price for raw milk in the future;

(ii) the historical transaction amounts and transaction volumes of raw milk purchased by our Group from Mr. Ma Controlled Entities during the Track Record Period. Based on the latest unaudited consolidated management accounts of our Group and the latest information currently available to our Board, the purchase amount paid by our Group to Mr. Ma Controlled Entities for the six months ended June 30, 2026 was approximately RMB11.25 million;

(iii) the estimated increase in the demand within our Group and from the downstream customers and the production ability of Mr. Ma Controlled Entities in the next three years, based on factors including, among others, the herd size and production plans. In particular, our Group generally increases its purchase of raw milk from Mr. Ma Controlled Entities during the second half of the year, as demand for our products is typically higher in the seasonal peak consumption periods, in order to secure a stable supply of high-quality raw milk to support our production requirements; and

(iv) the possible sustained growth of the PRC dairy industry.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Raw Milk Purchase Framework Agreement is expected to exceed 1% but be less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Logistics Services Framework Agreement

Principal terms

On [●], our Group entered into a framework agreement (the "**Logistics Services Framework Agreement**") with Mr. Ma (on behalf of himself and Mr. Ma Controlled Entities), pursuant to which our Group may from time to time procure the logistics services for transportation of fresh raw milk produced by our self-operated dairy farms from Mr. Ma Controlled Entities. The Logistics Services Framework Agreement has a term commencing from the [**REDACTED**] to December 31, 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The definitive logistics services agreements to be entered into between members of our Group and Mr. Ma Controlled Entities will set out the specific terms and conditions according to the principal terms of the Logistics Services Framework Agreement.

Reasons for the Transaction

Fresh raw milk is a key direct material for our production and requires timely and professional cold-chain logistics services to maintain its quality and freshness during transportation. Mr. Ma Controlled Entities provide fresh raw milk transportation services to our Group in their ordinary and usual course of business. Given their responsiveness, transportation qualifications, specialised vehicles and familiarity with our Group's logistics requirements and transportation arrangements, our Directors believe that the continued engagement of Mr. Ma Controlled Entities will help ensure the timely and stable transportation of fresh raw milk and provide reliable logistics support for our Group's operations.

Pricing Policy

The purchase price payable by our Group for the logistics services is principally determined based on the unit freight rates, transportation distance and the actual quantity of fresh raw milk transported and delivered to the designated location (as measured by the actual weighbridge weight), and shall in principle be no less favorable to our Group and comparable with the price of similar services offered by Independent Third Parties. The unit freight rates are established through arm's length negotiations with reference to (i) the nature, scope and standards of the services required; and (ii) the prevailing market rates for similar services offered by independent third parties.

Historical Amounts

Set out below are the historical transaction amounts with respect to our purchase of logistics services from Mr. Ma Controlled Entities during the Track Record Period:

	For the years ended December 31,			For the three months ended March 31,
Transaction	**2023**	**2024**	**2025**	**2026**
		RMB million		
Procurement of logistics services	–	–	9.75	4.62

Annual Cap and Basis of Annual Cap

Set out below are the proposed annual caps of the amount payable by our Group to Mr. Ma Controlled Entities for the procurement of logistics services pursuant to the Logistics Services Framework Agreement for the three years ending December 31, 2028:

	For the years ending December 31,		
Transaction	**2026**	**2027**	**2028**
		RMB million	
Procurement of logistics services	19.50	21.45	23.40

In determining such annual caps, our Directors have considered the following factors:

(i) the existing logistics service agreements entered into between our Group and Mr. Ma Controlled Entities in relation to the provision of logistics services;

(ii) the estimated volume of fresh raw milk to be transported, with reference to the expected daily raw milk output of our self-operated dairy farms;

(iii) the historical transaction amounts between our Group and Mr. Ma Controlled Entities for the procurement of such logistics services during the Track Record Period; and

(iv) the estimated fees payable to Mr. Ma Controlled Entities for the logistics services, which are determined with reference to the prevailing market rates for comparable cold-chain transportation services, historical fee levels during the Track Record Period, potential fluctuations in service fees and the relevant logistics costs.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Logistics Services Framework Agreement is expected to exceed 1% but be less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

Under Rule 14A.76(2) of the Listing Rules, the transactions will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules, which are exempted from the circular and independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under the Listing Rules.

In respect of such continuing connected transactions contemplated under the Raw Milk Purchase Framework Agreement and the Logistics Services Framework Agreement, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Hong Kong Stock Exchange [has granted], waivers exempting our Group from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective proposed annual caps (as stated above). For details of the waivers, see "Waivers from Strict Compliance with Listing Rules."

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described in this section have been entered into and will be entered into (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) that the continuing connected transactions and their respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR'S VIEW

Based on (i) the relevant documents and information provided by our Company in relation to the foregoing partially-exempt continuing connected transactions; (ii) its participation in due diligence and discussions with our Company; and (iii) the confirmation from our Directors disclosed above, the Sole Sponsor is of the view that (i) the continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to further safeguard the interests of our Shareholders as a whole, our Group has implemented the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

(i) we have adopted a connected transaction management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

(ii) prior to the execution of the underlying agreements for the transaction contemplated under the framework agreements, the procurement department of our Company will compare the quotations offered by Mr. Ma Controlled Entities with those offered by Independent Third Parties to ensure that the quotations offered by Mr. Ma Controlled Entities are no less favorable than those offered by Independent Third Parties;

(iii) the finance department and Board office of our Company shall (i) regularly examine the pricing of the transactions under the framework agreements to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amounts under the framework agreements to ensure that our Company complies with all the applicable requirements under the Listing Rules, including those applicable for the revision of the relevant annual cap when appropriate;

(iv) the legal department of our Company has reviewed the terms of the Raw Milk Purchase Framework Agreement and the Logistics Services Framework Agreement and shall in case of any proposed change to the principal terms of the transactions, ensure that our Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and

(v) we shall engage our auditors to, and our independent non-executive Directors will, conduct annual review on the connected transactions and provide annual confirmation in accordance with Rules 14A.56 and 14A.55 of the Listing Rules, respectively.

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. Our Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Wu Shouyun (吳守允) . .	62	Chairman of our Board, executive Director and general manager	December 2017	December 2017	Responsible for the overall development strategies, business plans and overall daily operations and management of our Group	Father of Mr. Wu Lianqiao
Mr. Wu Lianqiao (吳聯僑) . .	35	Executive Director	December 2017	December 2019	Responsible for the daily operations and management of our Group	Son of Mr. Wu Shouyun
Mr. Chen Shaobing (陳少兵) . .	38	Executive Director, Board secretary and joint company secretary	May 2023	November 2023	Responsible for the business management, corporate governance, information disclosure and other capital market activities of our Group	N/A
Non-executive Director						
Ms. Shang Xinwen (商馨文) . .	28	Non-executive Director	January 2021	December 2025	Responsible for supervising and providing strategic advice on the operations and management of our Group	N/A
Independent non-executive Directors						
Ms. Li Jing (李靜) . . .	69	Independent non-executive Director	September 2023	September 2023	Responsible for supervising and providing independent judgement to our Board	N/A
Mr. Li Chunyou (李春友) . .	61	Independent non-executive Director	September 2023	September 2023	Responsible for supervising and providing independent judgement to our Board	N/A
Mr. Lei Yuchun (雷裕春)*Note* . .	61	Independent non-executive Director	September 2023	September 2023	Responsible for supervising and providing independent judgement to our Board	N/A
Mr. Chu Chun Ting (朱浚霆) . .	38	Independent non-executive Director	July 2026 (with effect from the **[REDACTED]**)	July 2026 (with effect from the **[REDACTED]**)	Responsible for supervising and providing independent judgement to our Board	N/A

Note: Mr. Lei has resigned as an independent Director due to work adjustment. His resignation will take effect from the **[REDACTED]**.

Executive Directors

Mr. Wu Shouyun (吳守允), aged 62, has served as a Director and the general manager of our Company since its establishment in December 2017. Mr. Wu Shouyun has been the chairman of our Board since December 2019. He was re-designated as an executive Director in July 2026, responsible for the overall development strategies, business plans and overall daily operations and management of our Group. Mr. Wu Shouyun currently holds directorships and management positions in our various subsidiaries, including (i) an executive director and general manager of Zhejiang Baifei since August 2019, (ii) the chairman of the board and executive director of Saishang Baifei since September 2024 and (iii) an executive director and general manager of Guangxi Trading since February 2024.

Prior to founding our Group, Mr. Wu Shouyun worked at Pingyang County No. 4 Sinking and Driving Engineering Company* (平陽縣第四井巷工程公司) from September 1986 to February 1988. From March 1988 to February 1993, he served as the factory director of Zhejiang Province Cangnan County Hekou Paperboard Factory* (浙江省蒼南縣河口紙板廠). From March 1993 to September 1997, he served as the factory director of Cangnan County Huayang Garment Factory* (蒼南縣華洋服裝廠). From October 1997 to December 2001, he worked at Saint Angelo Group Co., Ltd.* (報喜鳥集團有限公司), serving as the manager of the professional wear customization department from October 1997 to October 1999 and as the general manager of the Southwest office from November 1999 to December 2001. Mr. Wu has served as a director of Baifei Investment since May 2003 and has been the chairman of the board since April 2013. He also served as the general manager of Baifei Investment from May 2003 to December 2019.

Mr. Wu Shouyun graduated from the undergraduate programme in business administration through correspondence course from Zhejiang University (浙江大學) in Zhejiang, the PRC in June 1999. He obtained the qualification of Intermediate Engineer (Electrical) issued by the Review Committee for Professional and Technical Qualifications of Lvliang City in Shanxi Province in December 1999. Mr. Wu Shouyun was awarded the "Leading Figure in Revitalizing China's Dairy Industry" (振興中國乳業領軍人物) by the China Dairy Industry Association in August 2019. Mr. Wu Shouyun served as the deputy director of the China Specialty Dairy Buffalo Milk Professional Committee under the China Dairy Industry Association from December 2021 to November 2024, and the vice president of Guangxi Xida County Economic Development Research Institute (廣西西大縣域經濟發展研究院) since April 2024.

Mr. Wu Lianqiao (吳聯僑), aged 35, joined our Group in December 2017 and has served as a Director since December 2019. He was re-designated as an executive Director in July 2026, responsible for the daily operations and management of our Group. Mr. Wu Lianqiao currently also holds directorships and management positions in our various subsidiaries, including (i) an executive director and general manager of Zhejiang Trading since January 2022, (ii) a non-executive director of Saishang Baifei since June 2025 and (iii) an executive director of Baifei E-Commerce since July 2022.

Prior to joining our Group, he served at Baifei Investment, holding successive positions as a quality control researcher at the production center from July 2015 to December 2019, the general manager from December 2019 to March 2023 and a director since December 2018.

Mr. Wu Lianqiao graduated from the undergraduate programme in food science and mechanical engineering from Guangxi University (廣西大學) in Guangxi, the PRC in June 2015.

Mr. Chen Shaobing (陳少兵), aged 38, joined our Group in May 2023 and has served as Board secretary since then and as Director since November 2023. He was appointed as a joint company secretary in June 2026. Mr. Chen was re-designated as an executive Director in July 2026, responsible for the business management, corporate governance, information disclosure and other capital market issues of our Group.

Mr. Chen has over 15 years of experience in finance and accounting. From July 2010 to May 2011, he served as a financial staff at TCL Optoelectronics Technology (Huizhou) Co., Ltd.* (TCL光電科技(惠州)有限公司), a company principally engaged in the manufacturing and sale of TV products and trading of components, which is a subsidiary of TCL Electronics Holdings Limited (01070.HK). From May 2011 to September 2018, he served as a project manager at Guangdong Zhengzhong Pearl River Certified Public Accountants (Special General Partnership) (廣東正中珠江會計師事務所(特殊普通合夥)). From November 2018 to April 2023, he served as a financial manager of Biem.L. Fdlkk Garment Co., Ltd. (比音勒芬服飾股份有限公司), whose A shares are listed on the Shenzhen Stock Exchange (002832.SZ) and principally engaged in high-end fashion sportswear.

Mr. Chen obtained his bachelor's degree in accounting from South China University of Technology (華南理工大學) in Guangzhou, the PRC in July 2010. He has become a non-practicing member of the Chinese Institute of Certified Public Accountants since 2021.

Non-executive Director

Ms. Shang Xinwen (商馨文), aged 28, joined our Group in January 2021, and has served as a Director since December 2025. She was re-designated as a non-executive Director in July 2026, responsible for supervising and providing strategic advice on the operations and management of our Group. Ms. Shang Xinwen has been serving as the supervisor of Guangxi Trading since February 2024.

Ms. Shang has over 5 years of experience in corporate governance and internal supervision. From July 2020 to December 2020, she served as a research assistant at South-Central Minzu University (中南民族大學). She successively served as a human resources specialist of our Company from January 2021 to December 2025, and a supervisor of our Company from May 2021 to December 2025.

Ms. Shang obtained her bachelor's degree in management from South-Central Minzu University in Wuhan, the PRC in June 2020.

Independent Non-executive Directors

Ms. Li Jing (李靜), aged 69, joined our Group in September 2023 and has served as an independent Director since then. She was re-designated as an independent non-executive Director in July 2026, responsible for supervising and providing independent judgement to our Board.

Ms. Li has over 8 years of experience in the dairy products industry. From July 1987 to July 2012, she worked at the Ethnic and Religious Affairs Commission of Guangxi Zhuang Autonomous Region (廣西壯族自治區民族宗教事務委員會), with her last position being deputy director. From June 2017 to December 2025, she served as an executive secretary of Guangxi Dairy Association (廣西奶業協會).

Ms. Li obtained a college degree in Chinese and secretarial studies from Guangxi Economic and Trade Vocational Institute (廣西經貿職業技術學院) (formerly known as Guangxi Zhuang Autonomous Region Spare-Time University for Cadres of Directly Affiliated Organs) in Guangxi, the PRC in July 1989.

Mr. Li Chunyou (李春友), aged 61, joined our Group in September 2023 and has served as an independent Director since then. He was re-designated as an independent non-executive Director in July 2026, responsible for supervising and providing independent judgement to our Board.

Mr. Li has over 40 years of experience in accounting. Prior to joining our Group, he worked at Hunan University of Technology (湖南工業大學) (formerly known as Zhuzhou Metallurgical Industry School* (株洲冶金工業學校)) from July 1985 to September 2010, holding successive positions as a teacher from July 1985 to August 1998, laboratory director and department head of e-commerce from September 1998 to August 2006 and department head

of business administration from September 2006 to September 2010. From October 2010 to March 2025, he served at Guangxi University of Finance and Economics (廣西財經學院), with his last position being head of the School of Accounting and Auditing. Since March 2019, he has been serving as a vice president of Guangxi Budget Accounting Research Association* (廣西預算會計研究會).

Mr. Li has served as (i) an external director of Guangxi Automobile Group Co., Ltd. (廣西汽車集團有限公司) since March 2019, a company principally engaged in the research and development, manufacturing and sale of whole vehicles and automotive parts; (ii) an independent director of Guangxi Beitou Technology Co., Ltd. (廣西北投科技股份有限公司), whose A shares are listed on the Shanghai Stock Exchange (600936.SH) since November 2023, principally engaged in the integrated information services, including broadcasting and television 5G mobile communication services; (iii) an external director of Liuzhou Wuling Motors Industrial Company Limited (柳州五菱汽車工業有限公司), a subsidiary of Wuling Motors Holdings Limited (whose H shares are listed on the Stock Exchange (00305.HK), "**Wuling Holdings**") and principally engaged in the businesses of automotive parts, engines and specialised vehicles, since July 2024; and (iv) an external director of Liuzhou Wuling New Energy Motors Company Limited (柳州五菱新能源汽車有限公司), an associate company of Wuling Holdings and principally engaged in the business of new energy vehicle manufacturing, since October 2024.

Mr. Li obtained his bachelor's degree in accounting from Hunan University of Finance and Economics (湖南財經學院) in Changsha, the PRC in June 1995, a master's degree in accounting from Tianjin University of Finance and Economics (天津財經大學) in Tianjin, the PRC in June 2006, and a doctorate degree in forest engineering from Central South University of Forestry and Technology (中南林業科技大學) in Changsha, the PRC, in December 2015. Mr. Li has become a non-practicing member of The Chinese Institute of Certified Public Accountants since 2015. Mr. Li was awarded the "First Prize of Guangxi Accounting Talent Base Research Achievement" (廣西會計人才小高地課題研究成果一等獎) for the project titled "Research on the Maturity Evaluation of Financial Management Capabilities of Large and Medium-sized Enterprises: A Case Study of Group K" in 2025.

Mr. Lei Yuchun (雷裕春), aged 61, joined our Group in September 2023 and has served as an independent Director since then. He is primarily responsible for supervising and providing independent judgement to our Board. Mr. Lei has resigned as an independent Director due to work adjustment. His resignation will take effect from the [**REDACTED**].

Mr. Lei has over 39 years of experience in legal education and research. Prior to joining our Group, he successively served as the head of the legal teaching and research office, professor, deputy head and head of the law school and secretary of the Communist Party Committee of the law school at Guangxi University of Finance and Economics (廣西財經學院, formerly known as Guangxi Commercial College (廣西商業高等專科學校)) from July 1987 to March 2025.

Mr. Lei obtained his bachelor's degree in political education from Guangxi Normal University (廣西師範大學) (formerlly known as Guangxi Normal College) in Guangxi, the PRC in July 1987. He obtained the professor qualification from the Guangxi Department of Personnel (廣西人事廳) in December 2008.

Mr. Chu Chun Ting (朱浚霆), aged 38, was appointed as an independent non-executive Director of our Company in July 2026, with effect from the [**REDACTED**]. He is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Chu has over 15 years of experience in corporate governance, finance and accounting matters. Prior to joining our Group, he served at HLB Hodgson Impey Cheng Limited (國衛會計師事務所有限公司) from November 2010 to January 2014, with his last position being senior audit accountant II. From January 2014 to December 2014, he served as an assistant manager at BDO Limited (香港立信德豪會計師事務所有限公司). From January 2015 to June 2022, he served as the chief financial officer of Lerado Financial Group Company Limited (隆成金融集團有限公司), a company listed on the Stock Exchange

(01225.HK). From June 2022 to November 2025, he served as the chief consultant of Geer Consultants Limited, a recruitment consultancy firm principally engaged in the provision of recruitment and talent acquisition services.

Mr. Chu currently serves as the company secretary and authorised representative of (i) Zhongzi International Holdings Limited (中資國際控股有限公司), a company listed on the Stock Exchange (08118.HK) and principally engaged in the manufacture and sale of LED lighting products, since November 2025; and (ii) Fameglow Holdings Limited (亮晴控股有限公司), a company listed on the Stock Exchange (03774.HK) and principally engaged in the business of non-surgical medical aesthetic services and skincare products, since January 2026.

Mr. Chu obtained his bachelor's degree in business administration in accounting from Hong Kong Baptist University in Hong Kong in November 2010. He has been admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants (香港會計師公會註冊會計師) since July 2014.

SENIOR MANAGEMENT

Our senior management comprises four members and is responsible for the day-to-day management of our business.

The following table sets forth the key information about our senior management as of the Latest Practicable Date:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a member of senior management	Responsibilities	Relationship with other Directors and senior management
Mr. Wu Shouyun (吳守允) . .	62	Chairman of our Board, Executive Director and general manager	December 2017	December 2017	Responsible for the overall development strategies, business plans and overall daily operations and management of our Group	Father of Mr. Wu Lianqiao
Mr. Wei Jianhuan (韋劍歡) . .	44	Deputy General Manager	December 2019	December 2019	Responsible for managing the day-to-day business operation of our Group	N/A
Mr. Ye Yandeng (葉燕燈) . .	51	Chief financial officer	December 2019	December 2019	Responsible for the overall financial management, financial reporting and internal control of our Group	N/A
Mr. Chen Shaobing (陳少兵) . .	38	Executive Director, Board secretary and joint company secretary	May 2023	May 2023	Responsible for the business management, corporate governance, information disclosure and other capital market activities of our Group	N/A

For the biographical details of Mr. Wu Shouyun (吳守允) and Mr. Chen Shaobing (陳少兵), please refer to the section headed "Board of Directors — Executive Directors" above.

Mr. Wei Jianhuan (韋劍歡), aged 44, joined our Group in December 2019 and has been serving as the deputy general manager of our Company since then. He is responsible for managing the day-to-day business operation of our Group.

Mr. Wei has over 24 years of experience in the food and dairy products industry. From July 2002 to August 2004, he served as a workshop director at Nanning Sunshine Dairy Food

Co., Ltd.* (南寧市陽光乳業食品有限責任公司), a food-oriented retail company. From September 2004 to December 2006, he served as a production factory manager at Nanning Fushilai Food Co., Ltd.* (南寧市富士來食品有限公司), a company principally engaged in food production and sales. He served as a technical director at Foshan Nanhai Zhuofu Food and Beverage Co., Ltd.* (佛山市南海卓福食品飲料有限公司) from January 2007 to February 2008, a company principally engaged in the production and sale of beverages. From April 2010 to August 2013, he served as a deputy general manager at Guangxi Pusheng Sanfeng Dairy Co., Ltd. (廣西普生三鳳乳業有限公司), principally engaged in food production and sales. He successively served as production department supervisor from September 2013 to July 2017, a director from October 2014 to October 2015, and director and deputy general manager from July 2017 to December 2019 in Baifei Investment.

Mr. Wei obtained his bachelor's degree in food science and engineering from Hainan University (海南大學) in Haikou, the PRC in June 2002.

Mr. Ye Yandeng (葉燕燈), aged 51, joined our Group in December 2019 and has been serving as the chief financial officer of our Company since then. He is responsible for the overall financial management, financial reporting and internal control of our Group.

Mr. Ye has over 29 years of experience in financial management. From March 1997 to May 2007, he served as a financial manager at Liuzhou Jinsheng Automotive Gear Co., Ltd.* (柳州市金盛汽車齒輪有限公司) (formerly known as Liuzhou Automobile Gear Factory* (柳州市汽車齒輪總廠)), a company principally engaged in the sales of automotive parts. From June 2007 to August 2010, he served as the head of the settlement department at Liuzhou Zhengling Group Co., Ltd.* (柳州正菱集團有限公司), a company engaged in manufacturing, services and finance. From January 2014 to September 2014, he served as the financial director at Hunan Yuanda Cement Co., Ltd.* (湖南遠大水泥有限責任公司), a company principally engaged in building materials. From October 2014 to December 2019, he served as a director and chief financial officer of Baifei Investment.

Mr. Ye obtained an associate degree in accounting from Guangxi University (廣西大學) in Nanning, the PRC in June 2008. He was certified as an intermediate accountant (會計中級) by Department of Human Resources and Social Security of Guangxi Zhuang Autonomous Region (廣西壯族自治區人力資源和社會保障廳) in May 2010.

Save as disclosed above and the sections headed "Relationship with our Controlling Shareholders" and "Appendix VI — Statutory and General Information — C. Further Information about our Directors, Chief Executive and Substantial Shareholders — 3. Disclosure of Interests of Directors and Chief Executive" in this document, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, senior management, substantial shareholders or Controlling Shareholders of our Company as of the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS

Rule 3.09D and Rule 3.13 Confirmation

Each of our Directors as at [**REDACTED**] confirms with respect to himself or herself that (1) he or she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 24, 2026, and (2) he or she understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors as at [**REDACTED**] confirms (1) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the

Listing Rules, (2) he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (3) that there are no other factors that may affect his or her independence at the time of appointments.

Competing Interests

Each of our Directors confirms that as of the Latest Practicable Date, he/she or his/her respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Chen Shaobing (陳少兵) and Ms. Choi Man Yee (蔡敏儀) have been appointed as the joint company secretaries of our Company. For biography of Mr. Chen Shaobing, please refer to "— Executive Directors" above.

Ms. Choi has over 10 years of experience in company secretarial profession and corporate governance compliance. She is currently serving as a company secretarial services manager at Tricor Services Limited (卓佳專業商務有限公司). Ms. Choi obtained a bachelor's degree of business administration from Hong Kong Metropolitan University and a master's degree of corporate governance from the Hong Kong Polytechnic University. Ms. Choi is a Chartered Secretary, a Chartered Governance Professional and a member of The Hong Kong Chartered Governance Institute.

BOARD COMMITTEES

Our Company has established four committees under the Board of Directors, namely the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy and ESG Committee.

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Li Chunyou, Ms. Shang Xinwen and Ms. Li Jing, with Mr. Li Chunyou currently serving as the chairperson of the Audit Committee. Mr. Li Chunyou has the appropriate professional qualification and experience as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to our Board on the appointment and removal of external auditor, and to assist our Board in fulfilling its oversight responsibilities in relation to our Group's financial reporting, internal control structure, risk management and external audit functions, and corporate governance responsibilities.

Remuneration and Assessment Committee

We have established the Remuneration and Assessment Committee in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The Remuneration and Assessment Committee consists of three Directors, namely Mr. Li Chunyou, Mr. Wu Shouyun and Mr. Chu Chun Ting, with Mr. Li Chunyou serving as the chairperson of the Remuneration and Assessment Committee. The primary duties of the Remuneration and Assessment Committee are to evaluate and make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance-based remuneration and ensure none of our Directors determine their own remuneration.

Nomination Committee

We have established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and paragraph B.3.1 of the Corporate Governance Code as set out in Appendix

C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Li Chunyou, Ms. Li Jing and Mr. Wu Shouyun, with Mr. Li Chunyou currently serving as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are to identify and make recommendations to the Board of Directors of qualified candidates to serve as Directors and senior management and monitor the procedures for evaluating the performance of the Board of Directors.

Strategy and ESG Committee

We have established the Strategy and ESG Committee. The Strategy and ESG Committee consists of three Directors, namely Mr. Wu Shouyun, Mr. Chen Shaobing and Ms. Li Jing, with Mr. Wu Shouyun currently serving as the chairperson of the Strategy and ESG Committee. The primary duties of the Strategy and ESG Committee include evaluating and making recommendations on our long-term strategic planning and other significant matters that may affect our development strategy, and matters relating to environmental, social and governance (ESG) and sustainable development.

DIVERSITY POLICY OF OUR BOARD OF DIRECTORS

Our Board of Directors has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of our Board of Directors and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board of Directors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board of Directors.

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, accounting, industry consulting and legal education. Two of our Directors are female Directors and one of our members of the Nomination Committee is a female Director. Our Directors obtained degrees in diversified majors including business administration, food science and mechanical engineering and accounting. In addition, our Board of Directors has a wide range of age. Our Company has reviewed the membership, structure and composition of our Board, and is of the view that our Board of Directors satisfies the Board Diversity Policy, and the experience and skills of our Directors in various aspects and fields can enable our Company to maintain high standard of operation. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing and ensuring the diversity of our Board. After the [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

We will continue to improve the gender diversity at the Board level after the [**REDACTED**]. We will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole. Our Company is committed to board diversity and will maintain at least one Director of different gender in our Board and the Nomination Committee after the [**REDACTED**]. In addition, our Board will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will take into consideration of gender diversity when recruit staff at mid to senior level management and continue to emphasize training of female talent and providing long-term development opportunities for our female staff. Our Board and the Nomination Committee will also conduct annual review on our gender diversity and will take into consideration of gender diversity when recommending and appointing new board members to further enhance the gender diversity in our Board after the [**REDACTED**].

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of our Directors and members of the senior management of our Company are determined by our Shareholders' meetings and our Board as

appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, our Shareholders' meetings and our Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Our Company offers executive Directors and senior management members, who are our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. Our independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration (including fees, salaries and allowances, retirement benefit scheme contributions and discretionary performance related bonuses) paid to the Directors for the three years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, were RMB2.69 million, RMB2.22 million, RMB2.17 million and RMB0.37 million, respectively.

The aggregate amounts of remuneration (including salaries, allowances and other benefits, discretionary performance related bonus and retirement benefits scheme contributions) paid to the five highest paid individuals for the three years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, were RMB5.84 million, RMB5.40 million, RMB7.47 million and RMB1.26 million, respectively.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as compensation for loss of office during the Track Record Period. Furthermore, none of the Directors waived or agreed to waive any remuneration during the Track Record Period. Based on the arrangements currently in force as at the date of this document, we estimate that the total remuneration payable to our Directors (including discretionary bonuses) for the year ending 31 December 2026 will be approximately RMB1.64 million. The actual amount may differ from this estimate.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**], save that, as set out below, Mr. Wu Shouyun will concurrently serve as both the chairman of our Board and the general manager of our Company.

Pursuant to Code Provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should be performed by different individuals. Mr. Wu Shouyun serves as the chairman of our Board and the general manager of our Company. Our Board believes that, as Mr. Wu Shouyun has been responsible for the operation and management of our Company since its inception and is familiar with the operations of our Group, in order to ensure the effective management and business development of our Group, it is in the best interests of our Group for him to assume both roles upon [**REDACTED**], and Mr. Wu Shouyun will provide our Group with strong and consistent leadership. As this

structure enables our Company to make and implement decisions promptly and effectively, this arrangement ensures that our Group can make overall strategic planning more effectively and efficiently. Furthermore, our Company has established appropriate checks and balances through the Board and its three independent non-executive Directors. Our independent non-executive Directors are able to maintain independence in character and judgement and to express their opinions free from undue constraint. Our Company will consult the Board on all material decisions. Therefore, the Board believes that the balance of power and authority under the existing arrangement will not be impaired as such arrangement does not result in an undue concentration of power in a single individual, which could otherwise adversely affect the interests of minority shareholders.

COMPLIANCE ADVISER

Our Company has appointed Altus Capital Limited (浩德融資有限公司) as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules, and our Compliance Adviser will advise our Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company pursuant to Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 3A.24 of the Listing Rules, our Compliance Adviser shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Stock Exchange from time to time and any new or amended laws and regulations in Hong Kong applicable to our Company. Our Compliance Adviser shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Adviser will commence on the [**REDACTED**] and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [**REDACTED**].

OVERVIEW

Pursuant to the Concert Party Agreement, the Concert Party Group, namely Mr. Wu Shouyun and Mr. Wu Lianqiao (the son of Mr. Wu Shouyun), agreed to act in concert since December 22, 2023 and if the Concert Party Group would not reach consensus on certain issues in respect of material matters of our Company, Mr. Wu Shouyun's decisions shall prevail. For further details of the Concert Party Agreement, see "History, Development and Corporate Structure — Concert Party Agreement."

As of the Latest Practicable Date, the Concert Party Group was entitled to control the exercise of approximately 88.39% of the voting rights at the general meeting of our Company: (i) approximately 87.97% of our Shares directly held by Baifei Investment, which was in turn owned as to approximately 99.59% by Mr. Wu Shouyun and 0.41% by Mr. Wu Lianqiao; (ii) approximately 0.25% of our Shares directly held by Mr. Wu Shouyun; and (iii) approximately 0.17% of our Shares directly held by Mr. Wu Lianqiao. Accordingly, Mr. Wu Shouyun and Mr. Wu Lianqiao together with Baifei Investment are considered as our Controlling Shareholders.

Immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders will control [**REDACTED**]% of the voting rights at the general meeting of our Company. Therefore, Mr. Wu Shouyun, Mr. Wu Lianqiao and Baifei Investment will remain as our Controlling Shareholders under the Listing Rules.

COMPETING INTERESTS

Our Controlling Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates has any interest in a business, apart from the business of our Group, that competes or is likely to compete, directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We have established our own organizational structure, and each department is assigned to specific areas of responsibilities. Our Group holds or enjoys the benefits of material licenses and intellectual properties and research and development facilities necessary to carry on our business. We have our own facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers.

There was no business transaction between our Group and our Controlling Shareholders and/or their respective close associates during the Track Record Period.

Having considered the above, our Directors are of the view that our Group will be able to function and operate independently from our Controlling Shareholders and their respective close associates.

Management independence

Our business is primarily managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management" in this document. Mr. Wu Shouyun and Mr. Wu Lianqiao, who are our Controlling Shareholders, are also our executive Directors, with Mr. Wu Shouyun also serving as our general manager.

Our Directors are of the view that our Board and senior management team have been and will continue to be able to manage our business and function independently from our Controlling Shareholders and their close associates for the following reasons:

(a) Mr. Wu Shouyun serves as the Chairman of the Board of Baifei Investment, and Mr. Wu Lianqiao serves as its director. Baifei Investment was established for the purpose of holding shares in our Company and has no actual operation activities as of the Latest Practicable Date. Save for the above, our executive Directors and senior management members do not hold any other role as an executive director or member of senior management in any close associates of our Controlling Shareholders (other than our Group);

(b) Our daily operational and management activities are carried out collectively by all our executive Directors and senior management, all of whom have substantial experience in the industry in which our Company is engaged and/or business management in general, and will therefore be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our executive Directors and senior management, see the section headed "Directors and Senior Management" in this document;

(c) Each Director is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors and/or their respective close associates, the interested Director(s) and his/her/their respective close associates shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(d) We have three independent non-executive Directors who have extensive experience in different professions. They have been appointed in compliance with the requirements under the Listing Rules to ensure that the decisions of our Board will be made only after due and careful consideration of independent and impartial opinions. Our Directors believe that the presence of independent non-executive Directors from different backgrounds provides a balance of views and opinions and will bring independent judgement to the decision-making process of the Board; and

(e) We have also adopted a series of corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures" in this section below.

Having considered the above factors, our Directors are of the view that our Board together with the senior management team as a whole is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have established an independent finance department responsible for discharging the treasury function of our Group, and the Audit Committee to oversee our accounting and financial reporting processes. We are able to make financial decisions independently from our Controlling Shareholders and their respective close associates, and they do not intervene with our use of funds.

Our Directors believe that we have sufficient capital to operate our business independently. During the Track Record Period, our Group primarily relied on cash generated from operations and internally generated funds. Our operating activities consistently generated positive net cash flows, which were sufficient to meet our daily operational needs. We believe we will continue to have sufficient working capital to support our business operations independently and have adequate internal resources and a strong credit profile to obtain financing from Independent Third Parties to support our daily operations without reliance on our Controlling Shareholders or their respective close associates after the [**REDACTED**]. Our source of funds was independent from our Controlling Shareholders and neither our Controlling Shareholders nor any of their respective close associates financed our operations during the Track Record Period.

As at the Latest Practicable Date, there were no existing loans, guarantees or pledges provided by our Controlling Shareholders and/or their respective close associates to our Group. We have adopted a set of internal control procedures for cash receipts and payment and have independent access to third party financing.

Having considered the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates after [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following measures to safeguard good corporate governance standards and to manage potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates have a material interest, the interested Shareholders shall not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules. In particular, pursuant to our Articles of Association, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the meeting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their respective close associates, our Company will comply with the applicable Listing Rules;

(d) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element in our Board which can effectively exercise independent judgement. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient experiences, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual report that such transactions which have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(f) in the event that our independent non-executive Directors are requested to review any conflict of interests circumstances between our Group, on one hand, and our Controlling Shareholders and/or our Directors, on the other hand, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information for consideration. Where our independent non-executive Directors reasonably request the advice of independent professionals, such as financial advisers, to help them make the judgement, the appointment of such independent professionals will be made at the expense of our Company; and

(g) our Company has appointed Altus Capital Limited as our Compliance Adviser, which will provide advice and guidance to our Company in respect of compliance with applicable laws and the Listing Rules including various requirements relating to directors' duties and internal control.

Based on the above, our Directors consider that sufficient corporate governance measures have been put in place to manage potential conflicts of interest between our Group and our Controlling Shareholders to protect minority Shareholders' interests after the [**REDACTED**].

NON-COMPETITION UNDERTAKINGS

On December 25, 2023, our Controlling Shareholders executed a letter of non-competition undertaking in favour of our Company with irrevocable effect from the date of the letter to avoid competition with our business (the "**Non-competition Undertaking**"), pursuant to which, each of our Controlling Shareholders has undertaken that:

(a) as of the date of the Non-competition Undertaking, he/it or his/its controlled entities do not directly or indirectly manufacture or develop any product that competes or potentially competes with the products manufactured by our Group, nor does he/it directly or indirectly operate any business that is competitive or potentially competitive with the main business of our Group;

(b) unless with the prior written consent of our Board of Directors and/or the general meeting of our Company, he/it or his/its controlled entities do not, whether within or outside the PRC, engage in any business in any way, including through investment, mergers and acquisitions, or cooperations with others, that is competitive or potentially competitive with the main business currently conducted or to be conducted by our Group;

(c) he/it or his/its controlled entities do not, whether within or outside the PRC and in any form, directly or indirectly support any third party (other than our Group) in engaging in any business that is competitive or potentially competitive with the main business currently conducted or to be conducted by our Group;

(d) in the event that he/it or his/its controlled entities become aware of any business opportunity that is competitive or potentially competitive with the main business of our Group, he/it shall promptly notify our Company and, to the extent of his/its lawful rights, procure that such opportunity is offered on terms no less favorable than those offered to him/it;

(e) during the period when he/it acts as a controlling shareholder, actual controller or party acting in concert, if for any reason any business conducted or to be conducted by him/it or his/its controlled entities competes or potentially competes with the business of our Group, he/it will, at the request of our Company, grant our Company a right of first refusal, on equal terms, to acquire the relevant assets or equity interests relating to such business, or to adopt other fair, reasonable and lawful measures to adjust such business so as to avoid any actual or potential competition with our Group;

(f) he/it fully respects our Company's status as an independent legal person and ensures, in accordance with the applicable laws and the Articles of Association, that our Company operates independently and that its Directors properly perform their fiduciary duties; and

(g) he/it does not use his/its position as a controlling shareholder, actual controller or party acting in concert to seek improper interests to the detriment of other Shareholders, and will compensate our Company in cash for any losses arising from a breach of the foregoing by him/it or his/its controlled entities.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons are expected to have interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

			As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Description of Shares**	**Number[(1)]**	**Approximate percentage of interest in our Company**	**Number[(1)]**	**Approximate percentage of interest in the Domestic Shares or H Shares (as appropriate)**	**Approximate percentage of interest in our Company[(2)]**
Mr. Wu Shouyun[(3)]	Beneficial owner	Domestic Shares	415,700	0.25%	415,700	0.25%	[**REDACTED**]%
	Interest in controlled corporation	Domestic Shares	145,587,353	87.97%	145,587,353	87.97%	[**REDACTED**]%
	Interest held jointly with other persons	Domestic Shares	277,133	0.17%	277,133	0.17%	[**REDACTED**]%
		Total	**146,280,186**	**88.39%**	**146,280,186**	**88.39%**	[**REDACTED**]%
Mr. Wu Lianqiao[(4)]	Beneficial owner	Domestic Shares	277,133	0.17%	277,133	0.17%	[**REDACTED**]%
	Interest held jointly with other persons	Domestic Shares	146,003,053	88.22%	146,003,053	88.22%	[**REDACTED**]%
		Total	**146,280,186**	**88.39%**	**146,280,186**	**88.39%**	[**REDACTED**]%
Baifei Investment	Beneficial owner	Domestic Shares	145,587,353	87.97%	145,587,353	87.97%	[**REDACTED**]%
Mr. Hu Yanjun (胡衍軍)[(5)]	Interest in controlled corporation	Domestic Shares	15,045,672	9.09%	15,045,672	9.09%	[**REDACTED**]%
Yijian Investment[(5)]	Interest in controlled corporation	Domestic Shares	15,045,672	9.09%	15,045,672	9.09%	[**REDACTED**]%
Yijian Dexuedu	Beneficial owner	Domestic Shares	8,101,516	4.90%	8,101,516	4.90%	[**REDACTED**]%
Yijian Guangmao	Beneficial owner	Domestic Shares	3,472,078	2.10%	3,472,078	2.10%	[**REDACTED**]%
Yijian Qingben	Beneficial owner	Domestic Shares	3,472,078	2.10%	3,472,078	2.10%	[**REDACTED**]%

Notes:

(1) All interests are long positions.

(2) The calculation is based on the total number of 165,502,400 Domestic Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] (assuming that the [**REDACTED**] is not exercised).

(3) As at the Latest Practicable Date, (i) Mr. Wu Shouyun directly holds 415,700 Domestic Shares; (ii) Mr. Wu Shouyun is deemed to be interested in 145,587,353 Domestic Shares held by Baifei Investment, in which Mr. Wu Shouyun holds approximately 99.59% interests; and (iii) Mr. Wu Shouyun is deemed to be interested in 277,133 Domestic Shares directly held by Mr. Wu Lianqiao by virtue of the Concert Party Agreement. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Concert Party Agreement."

(4) As at the Latest Practicable Date, (i) Mr. Wu Lianqiao directly holds 277,133 Domestic Shares; and (ii) Mr. Wu Lianqiao is deemed to be interested in 146,003,053 Domestic Shares held by Mr. Wu Shouyun (comprising 415,700 Domestic Shares directly held by Mr. Wu Shouyun and 145,587,353 Domestic Shares indirectly held through Baifei Investment) by virtue of the Concert Party Agreement. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Concert Party Agreement."

(5) As at the Latest Practicable Date, Yijian Dexuedu, Yijian Guangmao and Yijian Qingben directly hold 8,101,516 Domestic Shares, 3,472,078 Domestic Shares and 3,472,078 Domestic Shares, respectively, all of which are controlled by Yijian Investment as their general partner. Yijian Investment is owned as to approximately 53.50% by Mr. Hu Yanjun (胡衍軍). By virtue of the SFO, Mr. Hu and Yijian Investment are deemed to be interested in an aggregate of 15,045,672 Domestic Shares held by Yijian Dexuedu, Yijian Guangmao and Yijian Qingben.

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the [**REDACTED**] (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in Shares or underlying Shares of our Company, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company.

This section presents certain information regarding our share capital prior to and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB165,502,400 comprising 165,502,400 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
Domestic Shares in issue	165,502,400	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
Domestic Shares in issue	165,502,400	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

SHARE CLASSES

Upon completion of the [**REDACTED**], our Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural PRC persons.

Domestic Shares and H Shares are regarded as one class of shares under our Articles of Association, and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

According to the stipulations by the State Council's securities regulatory authorities, our Domestic Shares may be converted into H Shares, and such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange provided that prior to the conversion and [**REDACTED**] of such converted Shares, the requisite internal approval processes have been duly completed and the approval from or filing with the relevant PRC regulatory authorities, including the CSRC, has been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Domestic Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need to be filed with relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to [**REDACTED**] H Share certificates. Registration on our [**REDACTED**] will be conditional on (a) our [**REDACTED**] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of H Share certificates; and (b) the admission of the H Shares to [**REDACTED**] on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our [**REDACTED**], such Shares would not be [**REDACTED**] as H Shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V — Summary of the Articles of Association" in this document.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of our Shares is required for our Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on July 8, 2026.

*The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards ("**IFRS**").*

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including "Risk Factors," "Business" and "Forward-Looking Statements."

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only. For the purpose of this section, unless the context otherwise requires or unless otherwise indicated, references to 2023, 2024 and 2025 refer to the financial years ended December 31 of such years.

OVERVIEW

We are a leading buffalo dairy company in China, strategically focusing on the buffalo dairy products segment. 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%.

During the Track Record Period, we achieved sustained revenue growth. 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 during the same periods. Our gross profit grew from RMB386.4 million in 2023 to RMB607.6 million in 2025, at a CAGR of 25.8% from 2023 to 2025.

BASIS OF PREPARATION

Our financial statements as of and for the year ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 (the "**Historical Financial Information**") have been prepared in accordance with the requirements of the applicable IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. Further details of the material accounting policy information are set out in note II to the Accountants' Report in Appendix I to this document. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information include applicable disclosures required by Listing Rules and by Companies Ordinance. The principal accounting policies have been consistently applied to all the years and periods presented, unless otherwise stated. The consolidated financial statements of our Group for the year ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 were audited by our Reporting Accountants. Our Historical Financial Information is presented in RMB, and all values are rounded to the nearest thousand except when otherwise indicated.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operating results have been and will continue to be affected, directly and indirectly, by a number of factors. The following factors are not exhaustive, and our business and financial condition and operating results may also be affected by the risk factors set forth in the "Risk Factors" in this document.

Consumer Demand and Sales Volume Growth

Our results of operations are influenced by consumer demand for our products. China's dairy products market has undergone a structural shift in recent years, driven by heightened health awareness, expanding dairy consumption occasions and rising demand for premium, functional and diversified dairy products, according to Frost & Sullivan. Consumers are increasingly prioritizing food safety and natural ingredients and have demonstrated a growing willingness to pay a premium for high-quality dairy products with natural ingredients, according to the same source. This trend has expanded the addressable market for premium dairy products and has generally supported both our revenue growth and gross profit margin performance.

Supported by this demand growth, the continued expansion of our distribution network and online direct sales channels and increasing consumer recognition of our Baifeilao brand, our total sales volume grew by 38.1% from approximately 76,283 tonnes in 2023 to approximately 105,365 tonnes in 2024 and further by 13.6% to approximately 119,670 tonnes in 2025. For the three months ended March 31, 2026, our total sales volume was approximately 35,675 tonnes, representing an increase of approximately 40.9% from approximately 25,324 tonnes for the three months ended March 31, 2025.

Consumer preferences may, however, shift due to a variety of factors, including the emergence of new health trends, changes in dietary habits and the diversification of consumption patterns. Any failure to anticipate or respond to such shifts in a timely manner could adversely affect our sales volume, product mix, average selling prices and, consequently, our financial performance. Our future sales volume will also depend on our ability to sustain and grow consumer demand for our products, maintain and expand our distribution coverage, successfully introduce new products and compete effectively against both buffalo dairy product producers and conventional dairy companies.

Our ongoing investment in product development and market research has enabled us to develop and introduce products that align with evolving consumer preferences. Our ability to continue to identify and respond to changes in consumer demand will remain one of the key determinants of our revenue and profitability.

Product Portfolio and Ongoing Product Diversification

Our product mix has a significant impact on our market reach, consumer penetration and revenue generation. We offer a diversified portfolio of products primarily spanning sterilized milk, formulated milk, pasteurized milk, milk-containing beverages and fermented dairy products, catering to different consumption scenarios and consumer segments. Throughout the Track Record Period, we continued to broaden our product portfolio to capture emerging market opportunities and serve consumers across all age groups with diverse needs. Our product portfolio is supported by a clear brand architecture. Our core brand, Baifeilao, maintains a comprehensive market presence with strong brand recognition among consumers. Our premium sub-brand, Chunfei, targets the premium market with its flagship 4.3g Carat Dream Cap Buffalo Milk, while our value-oriented brand, Baixiaofei, achieves broad coverage of the mass market. Building on this foundation, we have further expanded our offerings across product categories, including nutrient-enriched products such as our Buffalo High-Calcium Milk series, and distinctive fruit-flavoured products drawing on Guangxi's subtropical fruit resources, including mango buffalo milk, lychee-rose buffalo milk and mango pomelo sago buffalo milk, catering to a wider range of consumer tastes and consumption occasions. The continued expansion of our product portfolio enabled us to broaden our consumer reach, enhance product accessibility across different sales channels

and consumption occasions, and strengthen the market presence of our brands. In addition, a more diversified product offering allows us to better respond to evolving consumer preferences and demand trends, supporting customer acquisition and sales growth. Any failure to introduce products that meet changing consumer preferences or effectively address emerging market opportunities could limit our ability to expand our customer base, increase market penetration and grow our revenue.

Raw Material Procurement and Operating Efficiency

Our profitability and sustainable growth depend in part on our ability to effectively manage procurement costs and operating expenses. In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, our cost of sales was RMB689.2 million, RMB877.5 million, RMB1,115.0 million, RMB230.7 million and RMB345.2 million, representing approximately 65.1%, 61.8%, 69.1%, 68.3% and 70.1% of our total revenue for the same periods, respectively. Direct materials, particularly raw milk, dairy ingredients and packaging materials, represented the largest component of our cost of sales during the Track Record Period. We source raw milk through a diversified model combining production at our self-operated dairy farms and procurement from third-party suppliers. As of March 31, 2026, we had established cooperation with 55 third-party raw milk suppliers, comprising external dairy farms and breeding cooperatives, providing a stable raw milk supply for our nationwide expansion at scale. Any significant increase in direct material prices, in particular raw milk prices, or supply disruptions could adversely affect our gross profit margin if not offset by pricing adjustments, product mix optimization or operational improvements.

In addition, our profitability is influenced by our operating expenses, primarily comprising selling and distribution expenses, administrative expenses and research and development expenses. Our selling and distribution expenses increased by 80.2% from RMB107.4 million in 2023 to RMB193.5 million in 2024 and further by 45.1% to RMB280.7 million in 2025, primarily driven by (i) the rapid growth of our online direct sales channels, which led to the increases in e-commerce channel fees, mainly resulting from our expanded self-operated flagship stores on e-commerce and social commerce platforms and our increased investment in platform marketing activities, including engagement of key opinion leaders ("**KOL**") and livestreamers and placement of targeted advertisements; (ii) the expansion of our sales personnel headcount; and (iii) increased marketing expenditures in support of our business growth. Our administrative expenses increased by 54.5% from RMB45.7 million in 2023 to RMB70.6 million in 2024, and further increased by 25.4% to RMB88.6 million in 2025, primarily due to the growth of staff costs, depreciation and amortization, and professional service fees. As we continue to invest in future growth, our ability to improve operational efficiency, achieve economies of scale and maintain effective cost controls will remain important to our profitability.

Production Capacity Expansion and Utilization

Our ability to fulfill customer demand in a timely manner and manage cost efficiency depends on the scale, utilization and efficiency of our production operations.

Expansion of production capacity requires significant capital investment and may temporarily increase depreciation and other fixed costs before utilization reaches optimal levels. Higher capacity utilization generally improves production efficiency and supports profitability by reducing unit fixed costs. Our manufacturing overhead increased in 2024 primarily due to the continued ramp-up of commercial production at our Zhejiang dairy production facility and our acquisition of a 60% controlling interest in Saishang Baifei in Ningxia. These developments resulted in higher depreciation charges during the initial ramp-up period. As production volume increased and capacity utilization improved, manufacturing overhead as a percentage of cost of sales subsequently declined, reflecting enhanced operating leverage and more efficient absorption of fixed costs.

Any failure to align capacity expansion with market demand, or disruptions to our manufacturing operations arising from equipment failures, quality control issues or other factors, could affect our ability to fulfill customer orders and adversely impact our results of operations and reputation.

Sales Channel Expansion and Distribution Reach

The structure and performance of our sales channels affect our market reach, revenue mix, channel-specific pricing dynamics and cost structure. We operate a diversified omni-channel sales network comprising online and offline distributors, retailers and DTC channels, enabling us to reach a broad consumer base across different regions and consumption scenarios. We believe our ability to continuously expand and effectively manage our sales channels leads to more sustainable demands from consumers, driving future growth in our revenue and market share gains.

During the Track Record Period, distributors remained our largest sales channel in terms of revenue contribution, while the revenue generated from retailers and DTC channels increased steadily, reflecting the continued expansion and diversification of our sales network. 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% and 42.9% of our total revenue for the respective periods. Our distributor network continued to expand in terms of the number of distributors, as we focused on optimizing market coverage and enhancing channel efficiency across China. As of the Latest Practicable Date, we had over 1,100 online and offline distributors covering nearly 30 provinces, municipalities and autonomous regions across China.

Our retailer channel also experienced strong growth, supported by increasing cooperation with snack bulk stores, e-commerce platforms, supermarkets, convenience-store chains and premium membership stores, further strengthening our product accessibility. As a percentage of total revenue, our revenue from retailer channel accounted for approximately 14.2%, 22.8%, 27.0%, 23.3% and 28.6% in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively.

In addition, our DTC channels, particularly online direct sales, grew rapidly and accounted for an increasing proportion of our revenue, enhancing consumer engagement and providing valuable consumer insights. Generally, our online DTC channels involve higher logistics, platform and marketing costs than traditional distributor channels. Revenue from our DTC channels amounted to RMB208.5 million, RMB295.4 million, RMB374.7 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.

The continued growth of our retailer and DTC channels has contributed to the diversification of our sales channels and broadened our consumer reach. Changes in consumer purchasing behavior, competitive dynamics, platform policies, logistics expenses, or the performance of any of our key sales channels may affect our ability to maintain revenue growth and profitability. If we are unable to effectively manage and optimize our sales channel structure or achieve expected returns from our sales channel investments, our business, financial condition, operations results and prospects could be adversely affected.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates. Our management continually evaluates such estimates, assumptions and judgements based on historical experience and other assumptions which our management believes to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. Our significant accounting policies, critical

accounting judgments and key sources of estimation uncertainty, which are critical for understanding our financial condition and results of operations, are set out in the Accountants' Report in Appendix I to this document, including notes 3.2 and 4 therein. We also set forth below certain accounting policies, estimates and/or judgments used in the preparation of our consolidated financial statements.

Revenue from Contracts with Customers

We recognize revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a goods or services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as our Group performs;
- our performance creates or enhances an asset that the customer controls as our Group performs; or
- our performance does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

A contract asset represents our right to consideration in exchange for goods or services that our Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents our unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents our obligation to transfer goods or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for on a net basis.

Contracts with Multiple Performance Obligations (including Allocation of Transaction Price)

For contracts that contain more than one performance obligation, our Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct goods or services underlying each performance obligation is determined at contract inception. It represents the price at which our Group would sell a promised goods or services separately to a customer. If a standalone selling price is not directly observable, our Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which our Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Principal Versus Agent

When another party is involved in providing goods or services to a customer, our Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services themselves (i.e. we are a principal) or to arrange for those goods or services to be provided by the other party (i.e. we are an agent).

Our Group is a principal if it controls the specified goods or services before those goods or services are transferred to a customer.

Our Group is an agent if its performance obligation is to arrange for the provision of the specified goods or services by another party. In this case, we do not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When we act as an agent, we recognize revenue in the amount of any fee or commission to which we expect to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Biological Assets

Our biological assets comprise heifers, calves, milkable cows and buffalos, breeding bulls and young male cattle. Our biological assets are measured on initial recognition and at the end of each year or period during the Track Record Period at their fair values less costs to sell, with any resulting gain or loss recognized in the profit or loss for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs, excluding finance costs and income taxes. The fair values of dairy cows are determined based on their present location and condition and are determined independently by professional valuers.

The feeding costs and other related costs including staff costs, utility costs and consumables incurred for raising of heifers and calves are capitalized, until such time as the heifers and calves begin to produce milk.

Agricultural Produce

Agricultural produce represents raw milk. Raw milk is recognized at the point of harvest at its fair value less costs to sell. A gain or loss arising from agricultural produce at the point of harvest measured at fair value less costs to sell is included in profit or loss for the period in which it arises.

Fair Value of Biological Assets

Biological assets are measured at fair value less costs to sell at the end of each reporting period. The determination of fair value requires management to apply significant judgement and estimation in selecting the appropriate valuation technique and in determining the key inputs and assumptions, including, where applicable, the age profile of the herd, expected productivity, milk yield, mortality rate, culling rate, expected market prices, estimated costs to sell and, where a discounted cash flow approach is used, the applicable discount rate.

Given the nature of the valuation, changes in the assumptions adopted may lead to material changes in the fair value of biological assets and the related fair value gains or losses recognized in profit or loss. The carrying amounts of biological assets and the related valuation disclosures are set out in note 20 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,									Three months ended March 31,					
	2023			2024			2025			2025			2026		
	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological asset fair value adjustment	Biological assets fair value adjustments	Total
	(RMB in thousands, except for percentages)														
										(unaudited)					
Revenue	1,072,378	–	**1,072,378**	1,421,040	–	**1,421,040**	1,613,606	–	**1,613,606**	337,644	–	**337,644**	492,547	–	**492,547**
Cost of sales	(687,185)	(10,981)	**(698,166)**	(851,744)	(25,787)	**(877,531)**	(1,003,705)	(111,272)	**(1,114,977)**	(219,882)	(10,819)	**(230,701)**	(311,695)	(33,493)	**(345,188)**
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest	–	12,148	**12,148**	–	24,081	**24,081**	–	108,931	**108,931**	–	19,001	**19,001**	–	33,190	**33,190**
Gross profit	385,193	1,167	**386,360**	569,296	(1,706)	**567,590**	609,901	(2,341)	**607,560**	117,762	8,182	**125,944**	180,852	(303)	**180,549**
Gains/(losses) arising from changes in fair value less costs to sell of biological assets	–	5,518	**5,518**	–	13,220	**13,220**	–	(2,200)	**(2,200)**	–	(4,834)	**(4,834)**	–	3,302	**3,302**
Other income	5,296	–	**5,296**	8,649	–	**8,649**	18,454	–	**18,454**	4,202	–	**4,202**	1,623	–	**1,623**
Other gains or losses, net	(3,262)	(19)	**(3,281)**	(4,519)	(252)	**(4,771)**	(8,165)	(4,930)	**(13,095)**	(2,886)	(1,964)	**(4,850)**	(4,158)	(157)	**(4,315)**
Selling and distribution expenses	(107,391)	–	**(107,391)**	(193,458)	–	**(193,458)**	(280,687)	–	**(280,687)**	(52,168)	–	**(52,168)**	(103,653)	–	**(103,653)**
Administrative expenses	(45,720)	–	**(45,720)**	(70,595)	–	**(70,595)**	(88,567)	–	**(88,567)**	(14,129)	–	**(14,129)**	(19,307)	–	**(19,307)**
Research and development expenses	(4,569)	–	**(4,569)**	(8,213)	–	**(8,213)**	(9,107)	–	**(9,107)**	(1,094)	–	**(1,094)**	(661)	–	**(661)**
Finance costs	(228)	–	**(228)**	(120)	–	**(120)**	(521)	–	**(521)**	(71)	–	**(71)**	(247)	–	**(247)**
Profit before tax	229,319	6,666	**235,985**	301,040	11,262	**312,302**	241,308	(9,471)	**231,837**	51,616	1,384	**53,000**	54,449	2,842	**57,291**
Income tax credit/(expense)	(3,033)	–	**(3,033)**	(1,923)	–	**(1,923)**	2,956	–	**2,956**	(674)	–	**(674)**	(112)	–	**(112)**
Profit and total comprehensive income for the year/period	**226,286**	**6,666**	**232,952**	**299,117**	**11,262**	**310,379**	**244,264**	**(9,471)**	**234,793**	**50,942**	**1,384**	**52,326**	**54,337**	**2,842**	**57,179**
Profit for the year/period, excluding unrealized fair value gains/losses of biological assets			**226,267**			**298,865**			**239,334**			**48,978**			**54,180**

Revenue

During the Track Record Period, we primarily generated revenue from the production and sale of dairy products, primarily including sterilized milk, formulated milk, pasteurized milk, milk-containing beverages and fermented dairy products.

Revenue by Product Category

The following table sets forth a breakdown of our revenue by product category 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 our Bird's Nest Buffalo Milk and buffalo milk ice cream series.

Our total revenue increased by 32.5% from RMB1,072.4 million in 2023 to RMB1,421.0 million in 2024, and further increased by 13.6% to RMB1,613.6 million in 2025. Our total revenue increased by 45.9% from RMB337.6 million for the three months ended March 31, 2025 to RMB492.5 million for the three months ended March 31, 2026. The increases in our total revenue throughout the Track Record Period were primarily driven by growth in revenue from our two major product categories, comprising sterilized milk and formulated milk, which together accounted for approximately 98.3%, 97.8%, 95.5%, 96.3% and 93.1% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively.

Revenue from our other products, principally comprising our Bird's Nest Buffalo Milk and buffalo milk ice cream series, increased significantly from RMB1.1 million in the three months ended March 31, 2025 to RMB17.3 million in the three months ended March 31, 2026. The increases were primarily driven by the rapid scale-up in sales of our Bird's Nest Buffalo Milk products since its launch in the second half of 2025, reflecting growing market demand in such products.

Sales Volume and Average Selling Price

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		2025		2026	
	Sales Volume	ASP	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	17,488	14,802	24,547	14,549
Formulated milk	21,442	10,328	29,073	10,398	31,752	10,498	6,731	9,814	9,652	10,510
Pasteurized milk	260	13,183	1,144	13,686	2,787	14,659	562	13,341	814	15,878
Milk-containing beverages	1,544	8,235	1,656	8,215	1,985	7,730	398	7,889	320	7,646
Fermented dairy products	132	13,523	77	13,048	465	12,160	86	11,928	112	11,908
Other products[1]	214	5,892	43	22,992	288	37,451	58	18,117	230	75,236
Total	**76,283**	**14,058**	**105,365**	**13,487**	**119,670**	**13,484**	**25,324**	**13,333**	**35,675**	**13,807**

Note:

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

The overall average selling price of our products declined slightly from RMB14,058 per tonne in 2023 to RMB13,487 per tonne in 2024, primarily due to the decrease in the average selling price of our sterilized milk from approximately RMB15,785 per tonne in 2023 to RMB14,822 per tonne in 2024. The decrease in the average selling price of sterilized milk was primarily due to our adoption of more competitive pricing in response to intensified market competition in this category.

The average selling price of our other products significantly increased from RMB5,892 per tonne in 2023 to RMB22,992 per tonne in 2024, and further increased by 62.9% to RMB37,451 per tonne in 2025. The increase from 2023 to 2024 was primarily driven by the launch of our buffalo milk ice cream series, which generally carried relatively high selling prices than our other products. The further increase from 2024 to 2025 was primarily attributable to the introduction of our Bird's Nest Buffalo Milk, targeting high-end dairy products segment and typically with relatively high selling prices.

Revenue by Sales Channel

The following table sets forth a breakdown of our revenue by sales channel 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**

Cost of Sales

During the Track Record Period, our cost of sales consisted of (i) direct materials, primarily including (a) raw materials such as buffalo raw milk, cow raw milk and dairy ingredients; and (b) packaging materials; (ii) freight, mainly representing logistics and transportation costs incurred to deliver our products to distributors and other customers; (iii) manufacturing overhead, mainly comprising auxiliary material consumption, depreciation and amortization of production facilities equipment, and utility and energy costs; (iv) direct labor, mainly representing employee compensation for personnel involved in the production process; and (v) biological assets fair value adjustment in accordance with IFRS, which arose from the difference between the production costs incurred for raw milk produced by our self-operated dairy farm and the fair value less costs to sell of raw milk produced by our self-operated dairy farm at the point of harvest.

The following table sets forth a breakdown of our cost of sales 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)									
Direct Materials	555,092	79.5	663,976	75.7	777,543	69.7	171,852	74.5	244,656	70.9
Freight	54,846	7.9	81,005	9.2	106,129	9.5	18,535	8.0	31,476	9.1
Manufacturing Overhead	42,313	6.1	68,996	7.9	76,445	6.9	18,621	8.1	23,525	6.8
Direct Labor	34,934	5.0	37,767	4.3	43,588	3.9	10,874	4.7	12,038	3.5
Cost of Sales before Biological Assets Fair Value Adjustment	**687,185**	**98.5**	**851,744**	**97.1**	**1,003,705**	**90.0**	**219,882**	**95.3**	**311,695**	**90.3**
Biological Assets Fair Value Adjustment	10,981	1.5	25,787	2.9	111,272	10.0	10,819	4.7	33,493	9.7
Total	**698,166**	**100.0**	**877,531**	**100.0**	**1,114,977**	**100.0**	**230,701**	**100.0**	**345,188**	**100.0**

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

During the Track Record Period, our agricultural produce consisted of raw milk produced by our self-operated dairy herd at our self-operated dairy farms, which was subsequently consumed internally in our production process to manufacture our dairy products. Under IFRS, agricultural produce is recognized at fair value less costs to sell at the point of harvest. The fair value is determined based on the prevailing local market prices of raw milk at the point of harvest. The resulting gain, being the difference between (i) the fair value less costs to sell at the point of harvest and (ii) the production costs incurred in raising and milking our dairy herd, is recognized in profit or loss for the period in which it arises. The gain so recognized is subsequently charged as a component of cost of sales when the raw milk is consumed in our production process as part of the cost of inventories produced.

We recorded gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest of RMB12.1 million, RMB24.1 million, RMB108.9 million, RMB19.0 million and RMB33.2 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, representing approximately 1.1%, 1.7%, 6.8%, 5.6% and 6.7% of our total revenue in the same periods, respectively. The significant increase in such gains in 2025 and the three months ended March 31, 2026 primarily reflected the substantial growth in our self-operated dairy herd during those periods, particularly the significant expansion of our Holstein cow herd, and the corresponding increase in the volume of raw milk produced internally and consumed in our production process. As the biological asset fair value adjustment charged as cost of sales and the gains arising from initial recognition of agricultural produce at fair value less costs to sell at the point of harvest were largely offsetting in nature throughout the Track Record Period, such gains do not have a material net impact on our gross profit or gross profit margin. Going forward, as we plan to consume substantially all of the raw milk produced at our self-operated dairy farms during the period in which it is produced, we do not expect the net gains so recognized to have a substantial impact on our operating results.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, our gross profit was RMB386.4 million, RMB567.6 million, RMB607.6 million, RMB125.9 million and RMB180.5 million, while our gross profit margin was 36.0%, 39.9%, 37.7%, 37.3% and 36.7% for the same periods, respectively. Such changes in gross profit margin throughout the Track Record Period were primarily due to changes in our product mix and fluctuations in the gross profit margins of our major product categories.

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	GPM	Amount	GPM	Amount	GPM	Amount	GPM	Amount	GPM
							(unaudited)			
	(RMB in thousands, with GPM in percentages)									
Sterilized milk	335,360	40.3	477,393	43.9	494,816	41.0	111,434	43.0	140,356	39.3
Formulated milk	46,492	21.0	83,997	27.8	92,510	27.8	11,464	17.4	28,019	27.6
Pasteurized milk	602	17.6	4,608	29.4	12,800	31.3	2,430	32.4	3,257	25.2
Milk-containing beverages	3,203	25.2	1,832	13.5	2,809	18.3	623	19.9	295	12.0
Fermented dairy products	516	29.0	315	31.4	877	15.5	187	18.2	236	17.6
Other products[1]	187	14.9	(555)	(55.8)	3,748	34.7	(194)	(18.4)	8,386	48.6
Total	**386,360**	**36.0**	**567,590**	**39.9**	**607,560**	**37.7**	**125,944**	**37.3**	**180,549**	**36.7**

Note:

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

The increase in our overall gross profit margin from 36.0% in 2023 to 39.9% in 2024 was primarily due to the increase in the gross profit margin of our sterilized milk and formulated milk categories. The gross profit margin of our sterilized milk category increased from 40.3% in 2023 to 43.9% in 2024, mainly due to a decrease in our raw milk procurement prices amid the continued expansion of large-scale dairy farms and raw milk supply in China in previous years. The gross profit margin of our formulated milk category increased from 21.0% in 2023 to 27.8% in 2024, primarily due to lower unit production costs resulting from the expansion of production capacity at our Zhejiang dairy production facilities and a decline in our raw milk procurement prices in 2024. These increases were partially offset by a decrease in the gross profit margin of our other products from 14.9% in 2023 to gross loss margin of 55.8% in 2024, mainly reflecting the production ramp-up of our buffalo milk ice cream series, which incurred relatively high unit costs during its early stage of development.

The decrease in our overall gross profit margin from 39.9% in 2024 to 37.7% in 2025 was primarily due to a decrease in the gross profit margin of our sterilized milk category from 43.9% in 2024 to 41.0% in 2025, mainly due to (i) a decrease in average selling price from RMB14,822 per tonne to RMB14,657 per tonne amid increased market competition in this category; and (ii) an increase in raw material costs, primarily driven by our higher procurement costs of cow raw milk during the period. The decline was partially offset by a significant improvement in the gross profit margin of our other products from gross loss margin of 55.8% in 2024 to gross profit margin of 34.7% in 2025, primarily attributable to the increased contribution of our Bird's Nest Buffalo Milk products, which were launched in the second half of 2025 and generally carried relatively high selling prices and gross profit margins.

The decrease in our overall gross profit margin from 37.3% for the three months ended March 31, 2025 to 36.7% for the three months ended March 31, 2026 was primarily due to the decrease in the gross profit margin of our sterilized milk category from 43.0% to 39.3% during the same periods, mainly attributable to (i) a decline in the average selling price amid intensified competition in this category; and (ii) an increase in raw material costs, primarily driven by our higher procurement costs of cow raw milk during the period. The decline was partially offset by the increase in the gross profit margin of our formulated milk and other products.

Gains/(losses) Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

Gains or losses arising from changes in fair value less costs to sell of biological assets represent the period-on-period changes in the fair value less costs to sell of our biological assets, which primarily comprised (i) dairy buffalo and Holstein cows held at our self-operated dairy farms for the purpose of dairy production; and (ii) breeding bulls and young male cattle. The fair value of our mature dairy cows and buffalo, is determined by our independent valuer using the income approach, specifically the multi-period excess earnings method ("**MEEM**"), a derivative of the discounted cash flow ("**DCF**") method, while calves, heifers, breeding bulls and young male cattle are valued using the market approach by reference to prevailing local market prices.

Our fair value changes in respect of dairy herd comprised the following two categories during the Track Record Period: (i) unrealized gains or losses arising from period-on-period changes in the fair value of dairy buffalos and dairy cows held as of the end of the relevant reporting period. The key drivers of unrealized gains include: (a) the increased scale of our biological assets as our self-operated dairy herd grows; and (b) an increase in the prevailing market price of buffalo raw milk and cow raw milk; and (ii) improvements in our herd structure as calves and heifers grow and transition into productive milking animals.

We recorded net gains arising from changes in fair value less costs to sell of biological assets of RMB5.5 million, RMB13.2 million and RMB2.2 million in 2023 and 2024 and the three months ended March 31, 2026, respectively.

In 2025 and the three months ended March 31, 2025, we recorded losses arising from changes in fair value less costs to sell of biological assets of RMB4.8 million and RMB4.8 million, respectively.

Other Income

During the Track Record Period, our other income primarily consisted of (i) government grants; and (ii) interest income from bank balances and time deposits. We recorded other income of RMB5.3 million, RMB8.6 million, RMB18.5 million, RMB4.2 million and RMB1.6 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively. See note 7 to the Accountants' Report in Appendix I to this document.

Other Gains or Losses, Net

During the Track Record Period, our other gains or losses, net, primarily consisted of (i) losses on disposal of biological assets; (ii) impairment losses under expected credit loss model, net of reversal, on trade receivables and other receivables; (iii) fair value change on financial assets at fair value through profit or loss ("**FVTPL**"); (iv) losses on disposal of property, plant and equipment; (v) gain on lease remeasurement; and (vi) scraps expenses. We recorded net other losses of RMB3.3 million, RMB4.8 million, RMB13.1 million, RMB4.9 million and RMB4.3 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively. See note 8 to the Accountants' Report in Appendix I to this document.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) e-commerce channel fees, mainly representing (a) platform service fees and other charges payable to e-commerce and social commerce platforms on which we operate our self-operated flagship stores and conduct sales and (b) expenditures on live-streaming and influencer collaborations; (ii) staff costs; (iii) consumables; (iv) freight, mainly representing internal transportation of our raw materials and products; and (v) advertising expenses, mainly representing expenditures on outdoor media placements, television screen placements on high-speed rail and celebrity partnership. The following table sets forth a breakdown of our selling and distribution expenses 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)									
E-commerce channel fees	37,363	34.8	84,923	43.9	122,155	43.5	22,694	43.5	48,088	46.4
Staff costs	34,558	32.2	46,875	24.2	63,707	22.7	14,261	27.3	20,709	20.0
Consumables	10,142	9.4	24,783	12.8	29,668	10.6	4,231	8.1	12,978	12.5
Freight	11,607	10.8	13,330	6.9	29,253	10.4	5,062	9.7	8,931	8.6
Advertising expenses	6,164	5.7	10,567	5.5	17,448	6.2	2,190	4.2	6,785	6.5
Others[(1)]	7,558	7.0	12,980	6.7	18,456	6.6	3,730	7.1	6,162	5.9
Total	**107,391**	**100.0**	**193,458**	**100.0**	**280,687**	**100.0**	**52,168**	**100.0**	**103,653**	**100.0**

Note:

(1) Primarily included travel and office expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs; (ii) depreciation and amortization; (iii) taxes and surcharges; (iv) office expenses; (v) donation; (vi) professional service fees; and (vii) share-based compensation expenses. The following table sets forth a breakdown of our administrative expenses 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)									
Staff costs	12,423	27.2	16,637	23.6	21,003	23.7	4,328	30.6	6,251	32.4
Depreciation and amortization	9,059	19.8	11,949	16.9	19,624	22.2	4,489	31.8	5,885	30.5
Taxes and surcharges	6,859	15.0	8,008	11.3	15,158	17.1	2,436	17.2	2,529	13.1
Office expenses	8,852	19.4	13,916	19.7	10,285	11.6	1,444	10.2	1,765	9.1
Donation	216	0.5	180	0.3	332	0.4	42	0.3	1,018	5.3
Professional service fees	2,240	4.9	12,402	17.6	17,254	19.5	21	0.1	92	0.5
Share-based compensation expenses	3,353	7.3	3,367	4.8	–	–	–	–	–	–
Others [(1)]	2,755	5.9	4,136	5.8	4,911	5.5	1,369	9.8	1,767	9.1
Total	**45,720**	**100.0**	**70,595**	**100.0**	**88,567**	**100.0**	**14,129**	**100.0**	**19,307**	**100.0**

Note:

(1) Primarily included business development and travelling expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) staff costs for our R&D personnel; (ii) direct materials, mainly representing expenses of raw and auxiliary materials incurred during the R&D process; (iii) depreciation and amortization; and (iv) cooperative R&D expenses. The following table sets forth a breakdown of our research and development expenses 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)									
Staff costs	1,144	25.0	1,538	18.7	1,890	20.8	409	37.4	306	46.3
Direct materials	1,146	25.1	2,698	32.9	1,524	16.7	404	36.9	236	35.7
Depreciation and amortization	337	7.4	1,161	14.1	877	9.6	281	25.7	119	18.0
Cooperative R&D expenses	1,942	42.5	2,816	34.3	4,816	52.9	–	–	–	–
Total	**4,569**	**100.0**	**8,213**	**100.0**	**9,107**	**100.0**	**1,094**	**100.0**	**661**	**100.0**

Finance Costs

During the Track Record Period, our finance costs consisted of interest on (i) lease liabilities; and (ii) bank borrowings. In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, we recorded finance costs of RMB0.2 million, RMB0.1 million, RMB0.5 million, RMB0.1 million and RMB0.2 million, respectively.

Income Tax Expense/(Credit)

PRC

Our income tax expense primarily included the PRC enterprise income tax ("**EIT**") during the Track Record Period. In 2023 and 2024 and the three months ended March 31, 2025 and 2026, we recorded income tax expenses of RMB3.0 million, RMB1.9 million, RMB0.7 million and RMB0.1 million, respectively, while in 2025 we recorded income tax credit of RMB3.0 million, primarily due to deferred tax recorded in that year. See notes 12 and 21 to the Accountants' Report in Appendix I to this document.

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations, the applicable tax rate for our Company and subsidiaries in China is calculated at a statutory rate of 25% and/or a preferential rate of 15% or 20% as applicable, on the eligible taxable income amount for the year or period based on the existing legislations, interpretations and practices.

Eligible entities within our Group qualified as small and low-profit enterprises are entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3.0 million from January 1, 2023 to December 31, 2027.

Our Company and certain subsidiaries located in the western regions are entitled to a preferential enterprise income tax rate of 15% from January 1, 2021 to December 31, 2030 pursuant to the relevant tax policies for further implementing the strategy of developing the western region in the PRC. Furthermore, under the policies promoting the development of the Guangxi Beibu Gulf Economic Zone, our Company is entitled to an exemption from the local retained portion of the EIT for the first five years and a 50% reduction for the sixth and seventh years, starting from the tax year in which the first principal operating revenue is generated. During the Track Record Period, our Company enjoyed the EIT exemption on the local retained portion for the year ended December 31, 2023 and a 50% reduction on the local retained portion for the year ended December 31, 2024 and 2025.

Certain subsidiaries are exempt from EIT for income derived from livestock breeding and the primary processing of agricultural products. In addition, pursuant to the relevant PRC tax regulations, income derived from the production and sale of pasteurized milk and sterilized milk is classified as income from the primary processing of agricultural products and is likewise exempt from EIT.

Hong Kong

No provision of Hong Kong Profits Tax was made in the Historical Financial Information as our Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

During the Track Record Period and as of the Latest Practicable Date, we did not have any material dispute or unresolved issues with the relevant tax authorities.

Profit and Total Comprehensive Income for the Year/Period

In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, we recorded net profit of RMB233.0 million, RMB310.4 million, RMB234.8 million, RMB52.3 million and RMB57.2 million, respectively, with a net profit margin of 21.7%, 21.8%, 14.6%, 15.5% and 11.6%, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenue

Revenue by Product Category

Our revenue increased by 45.9% from RMB337.6 million in the three months ended March 31, 2025 to RMB492.5 million in the three months ended March 31, 2026, primarily driven by the increased revenue from our sterilized milk and formulated milk products. Sterilized milk and formulated milk were our principal revenue contributors in the three months ended March 31, 2025 and 2026, together accounting for approximately 96.3% and 93.1% of our total revenue for the respective periods, respectively.

Sterilized milk

Our revenue from sterilized milk increased by 38.0% from RMB258.9 million in the three months ended March 31, 2025 to RMB357.1 million in the three months ended March 31, 2026, primarily due to the increase in sales volume from approximately 17,488 tonnes to 24,547 tonnes, mainly driven by the continued expansion of our retail and offline distribution network.

Formulated milk

Our revenue from formulated milk increased by 53.6% from RMB66.1 million in the three months ended March 31, 2025 to RMB101.4 million in the three months ended March 31, 2026, primarily driven by both (i) sales volume growth from approximately 6,731 tonnes to 9,652 tonnes and (ii) an increase in average selling price from approximately RMB9,814 per tonne to RMB10,510 per tonne. The higher average selling price in the three months ended March 31, 2026 was primarily driven by the launch and expanded direct sales of new products, the Shanyu Series, with relatively high selling prices.

Pasteurized milk

Our revenue from pasteurized milk increased by 72.4% from RMB7.5 million in the three months ended March 31, 2025 to RMB12.9 million in the three months ended March 31, 2026, primarily due to the increases in (i) sales volume from approximately 562 tonnes to approximately 814 tonnes and (ii) the average selling price from approximately RMB13,341 per tonne to RMB15,878 per tonne. These increases were primarily driven by the growing market recognition of our Baifeilao Brand and the launch and expanded direct sales of new variants of pasteurized milk products through retail and DTC channels, which generally carried relatively high selling prices.

Milk-containing beverages

Our revenue from milk-containing beverages decreased by 22.1% from RMB3.1 million in the three months ended March 31, 2025 to RMB2.4 million in the three months ended March 31, 2026, primarily due to the decreases in (i) sales volume from approximately 398 tonnes to 320 tonnes and (ii) the average selling price from approximately RMB7,889 per tonne to RMB7,646 per tonne amid increased market competition in this product category, which led us to offer more competitive pricing to distributors.

Fermented dairy products

Our revenue from fermented dairy products remained relatively stable at RMB1.0 million and RMB1.3 million, respectively, in the three months ended March 31, 2025 and 2026.

Other products

Our revenue from other products increased significantly from RMB1.1 million in the three months ended March 31, 2025 to RMB17.3 million in the three months ended March 31, 2026, primarily due to increased sales of our Bird's Nest Buffalo Milk and our buffalo milk ice cream series driven by growing consumer acceptance.

Revenue by Sales Channel

Our revenue increased by 45.9% from RMB337.6 million in the three months ended March 31, 2025 to RMB492.5 million in the three months ended March 31, 2026, primarily driven by the continued expansion of our direct sales channels, particularly DTC sales and sales to retailers. Our revenue from DTC sales increased significantly from RMB70.1 million to RMB140.6 million, primarily driven by (i) the expansion of our self-operated flagship stores across e-commerce and social commerce platforms; and (ii) our increased investment in platform marketing activities, including engagement of KOLs and livestreamers and placement of targeted advertisements. Our revenue from retailers increased by 78.9% from RMB78.7 million to RMB140.9 million during the same periods, primarily driven by our continued efforts to expand presence across retail channels, particularly snack bulk stores.

Cost of Sales

Our cost of sales increased by 49.6% from RMB230.7 million in the three months ended March 31, 2025 to RMB345.2 million in the three months ended March 31, 2026, primarily due to higher direct material costs resulting from increased sales volume and business growth, as well as the increase in biological asset fair value adjustment.

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

Our gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest increased by 74.7% from RMB19.0 million in the three months ended March 31, 2025 to RMB33.2 million in the three months ended March 31, 2026. The change primarily reflected the substantial growth in our self-owned dairy herd, particularly the significant expansion of our Holstein cow herd, and the corresponding increase in the volume of raw milk produced internally and consumed in our production process during the period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 43.4% from RMB125.9 million in the three months ended March 31, 2025 to RMB180.5 million in the three months ended March 31, 2026, and our gross profit margin was 37.3% and 36.7% over the same periods, respectively.

Sterilized Milk

The gross profit margin of sterilized milk decreased slightly from 43.0% in the three months ended March 31, 2025 to 39.3% in the three months ended March 31, 2026, mainly due to (i) a decrease in average selling price from RMB14,802 per tonne to RMB14,549 per tonne during the same periods, primarily due to our adoption of more competitive pricing in response to intensified market competition in this category; and (ii) an increase in raw material costs, primarily driven by our higher procurement costs of cow raw milk during the period.

Formulated Milk

The gross profit margin of formulated milk increased from 17.4% in the three months ended March 31, 2025 to 27.6% in the three months ended March 31, 2026, mainly because the average selling price increased from approximately RMB9,814 per tonne to RMB10,510 per tonne over the same periods, primarily driven by the launch and expanded direct sales of new products, the Shanyu Series, with relatively high selling prices.

Pasteurized Milk

The gross profit margin of pasteurized milk decreased from 32.4% in the three months ended March 31, 2025 to 25.2% in the three months ended March 31, 2026, primarily attributable to increased cost of buffalo raw milk.

Milk-containing Beverages

The gross profit margin of milk-containing beverages decreased from 19.9% in the three months ended March 31, 2025 to 12.0% in the three months ended March 31, 2026, mainly due to the decrease in average selling price from approximately RMB7,889 per tonne to RMB7,646 per tonne over the same periods amid increased market competition in this product category, which led us to offer more competitive pricing to distributors.

Fermented Dairy Products

The gross profit margin of fermented dairy products decreased from 18.2% in the three months ended March 31, 2025 to 17.6% in the three months ended March 31, 2026, mainly due to a slight decrease in the average selling price amid increased market competition during the period in this product category, which led us to offer more competitive pricing to distributors.

Other Products

We recorded gross loss margin for other products of 18.4% in the three months ended March 31, 2025 and gross profit margin of 48.6% in the three months ended March 31, 2026. The improvement was primarily due to the increased sales volume of our Bird's Nest Buffalo Milk products, which were newly launched in the second half of 2025 and carried relatively high selling prices and gross profit margins.

Gains/(losses) Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

We recorded losses arising from changes in fair value less costs to sell of biological assets of RMB4.8 million in the three months ended March 31, 2025, primarily due to the change in herd structure of buffalos and Holstein cows. We recorded gains arising from changes in fair value less costs to sell of biological assets of RMB3.3 million in the three months ended March 31, 2026, primarily due to the increase in our herd size of Holstein cows.

Other Income

Our other income decreased by 61.4% from RMB4.2 million in the three months ended March 31, 2025 to RMB1.6 million in the three months ended March 31, 2026, primarily because we received a one-off government grant in the three months ended March 31, 2025 from central agricultural industry development funds.

Other Losses, Net

We recorded net other losses of RMB4.9 million and RMB4.3 million in the three months ended March 31, 2025 and 2026, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 98.7% from RMB52.2 million in the three months ended March 31, 2025 to RMB103.7 million in the three months ended March 31, 2026, primarily due to increases in (i) e-commerce channel fees, mainly driven by our expanded self-operated flagship stores across e-commerce and social commerce platforms and our increased investment in platform marketing activities, including engagement of KOLs and livestreamers and placement of targeted advertisements; (ii) low-value consumables consumption, primarily driven by greater use of turnover boxes to protect products during transportation; and (iii) staff costs, mainly due to the expansion of our sales team to support our growing sales scale.

Administrative Expenses

Our administrative expenses increased by 36.6% from RMB14.1 million in the three months ended March 31, 2025 to RMB19.3 million in the three months ended March 31, 2026, primarily due to (i) higher staff costs associated with business expansion and preparations for

the commencement of operations at our Hunan dairy production facility; and (ii) increased depreciation and amortization following the commencement of operation of smart warehousing facilities in Guangxi.

Research and Development Expenses

We recorded research and development expenses of RMB1.1 million and RMB0.7 million in the three months ended March 31, 2025 and 2026, respectively.

Finance Costs

Our finance costs were RMB0.1 million and RMB0.2 million in the three months ended March 31, 2025 and 2026, respectively.

Income Tax Expenses

Our income tax expenses decreased by 83.4% from RMB0.7 million in the three months ended March 31, 2025 to RMB0.1 million in the three months ended March 31, 2026, primarily due to the recognition of deferred tax assets in respect of previously unrecognized tax losses.

Profit and Total Comprehensive Income for the Period

As a result of the above, our net profit increased by 9.3% from RMB52.3 million in the three months ended March 31, 2025 to RMB57.2 million in the three months ended March 31, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Revenue by Product Category

Our revenue increased by 13.6% from RMB1,421.0 million in 2024 to RMB1,613.6 million in 2025, primarily due to the increased revenue from our sterilized milk and formulated milk products. Sterilized milk and formulated milk remained our principal revenue contributors, together accounting for approximately 97.7% and 95.4% of our total revenue in 2024 and 2025, respectively.

Sterilized milk

Our revenue from sterilized milk increased by 11.0% from RMB1,087.5 million in 2024 to RMB1,207.6 million in 2025, primarily due to an increase in sales volume from approximately 73,371 tonnes to approximately 82,393 tonnes, mainly driven by the continued expansion of our sales network and broader market penetration. It was partially offset by a slight decrease in the average selling price from approximately RMB14,822 per tonne to approximately RMB14,657 per tonne, primarily due to our adoption of more competitive pricing in response to intensified market competition in this category.

Formulated milk

Our revenue from formulated milk increased by 10.3% from RMB302.3 million in 2024 to RMB333.3 million in 2025, primarily due to the increases in (i) sales volume from approximately 29,073 tonnes to 31,752 tonnes and (ii) the average selling price from approximately RMB10,398 per tonne to RMB10,498 per tonne over the same periods, mainly driven by the continued expansion of our online sales and broader market penetration.

Pasteurized milk

Our revenue from pasteurized milk increased significantly from RMB15.7 million in 2024 to RMB40.9 million in 2025, primarily due to the increases in (i) sales volume from approximately 1,144 tonnes to 2,787 tonnes and (ii) the average selling price from approximately RMB13,686 per tonne to RMB14,659 per tonne over the same periods, mainly driven by the growing market recognition of our Baifeilao Brand and the launch and expanded direct sales of new variants of pasteurized milk products through retail and DTC channels, which generally carried relatively high selling prices.

Milk-containing beverages

Our revenue from milk-containing beverages increased by 37.6% from RMB13.6 million in 2024 to RMB15.3 million in 2025, primarily due to an increase in sales volume from 1,656 tonnes to 1,985 tonnes during the same periods, mainly driven by the continued expansion of our sales network and broader market penetration.

Fermented dairy products

Our revenue from fermented dairy products increased significantly from RMB1.0 million in 2024 to RMB5.7 million in 2025, mainly driven by the continued expansion of our sales network and broader market penetration.

Other products

Our revenue from other products increased significantly from RMB1.0 million in 2024 to RMB10.8 million in 2025. The increase was primarily due to the increased sales of our Bird's Nest Buffalo Milk with relatively high selling prices, mainly driven by the growing consumer recognition of these products and our Baifeilao brand.

Revenue by Sales Channel

Our revenue increased by 13.6% from RMB1,421.0 million in 2024 to RMB1,613.6 million in 2025, primarily due to the continued growth of our direct sales channels, particularly sales to retailers and DTC channels. Our revenue from retailers increased by 34.2%, primarily due to our continued efforts to expand our presence across retail channels, particularly snack bulk stores. Our revenue from DTC sales increased by 26.8%, primarily due to (i) the expansion of our self-operated flagship stores across e-commerce and social commerce platforms; and (ii) our increased investment in platform marketing activities, including engagement of KOLs and livestreamers and placement of targeted advertisements.

Cost of Sales

Our cost of sales increased by 27.1% from RMB877.5 million in 2024 to RMB1,115.0 million in 2025, primarily due to higher direct material, freight and manufacturing overhead costs associated with our business expansion and increased sales volume, as well as an increase in the biological asset fair value adjustment.

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

Our gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest increased significantly from RMB24.1 million in 2024 to RMB108.9 million in 2025. The increase was primarily due to the substantial growth in our self-owned dairy herd, particularly the significant expansion of our Holstein cow herd, and the corresponding increase in the volume of raw milk produced internally and consumed in our production process.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 7.0% from RMB567.6 million in 2024 to RMB607.6 million in 2025, while our gross profit margin decreased from 39.9% to 37.7% over the same periods.

Sterilized Milk

The gross profit margin of sterilized milk decreased from 43.9% in 2024 to 41.0% in 2025, mainly due to (i) a decrease in average selling price from RMB14,822 per tonne to RMB14,657 per tonne during the same periods amid increased market competition in this category; and (ii) an increase in raw material costs, primarily driven by our higher procurement costs of cow raw milk during the period.

Formulated Milk

The gross profit margin of formulated milk remained stable at 27.8% in 2024 and 2025.

Pasteurized Milk

The gross profit margin of pasteurized milk increased from 29.4% in 2024 to 31.3% in 2025, primarily due to a higher average selling price reflecting the growing market recognition of our Baifeilao Brand and the launch and expanded direct sales of new variants of pasteurized milk products through retail and DTC channels, which generally carried relatively high selling prices.

Milk-containing Beverages

The gross profit margin of milk-containing beverages increased from 13.5% in 2024 to 18.3% in 2025, mainly due to reduced unit production costs as a result of improved capacity utilization of our milk-containing beverage production lines in Guangxi.

Fermented Dairy Products

The gross profit margin of fermented dairy products decreased from 31.4% in 2024 to 15.5% in 2025, mainly due to increased cost of raw milk.

Other Products

We recorded a gross loss margin for other products of 55.8% in 2024 and a gross profit margin of 34.7% in 2025. The improvement was primarily attributable to the increased contribution of our Bird's Nest Buffalo Milk products, which were launched in the second half of 2025 and generally carried relatively high selling prices and gross profit margins.

Gains/(losses) Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

We recorded losses arising from changes in fair value less costs to sell of biological assets of RMB2.2 million in 2025, primarily due to the increase in feed costs of buffalos and Holstein cows. We recorded gains arising from changes in fair value less costs to sell of biological assets of RMB13.2 million in 2024, primarily due to the increase in our herd size of Holstein cows and improvements in our herd structure as heifers and calves grow and transition into productive milkable cows and buffalos.

Other Income

Our other income increased significantly from RMB8.6 million in 2024 to RMB18.5 million in 2025, primarily due to (i) a significant increase in government grants from RMB3.7 million to RMB12.9 million, reflecting new grants received by Guangxi Baifei and Saishang Baifei in connection with our dairy farming expansion and production facility development during the year; and (ii) an increase in interest income from bank balances and time deposits from RMB3.8 million to RMB5.0 million.

Other Losses, Net

We recorded net other losses of RMB4.3 million in 2024 and RMB13.1 million in 2025. The increase was mainly due to the increased loss on disposal of biological assets.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 45.1% from RMB193.5 million in 2024 to RMB280.7 million in 2025. The increase was primarily attributable to the increases in (i) e-commerce channel fees, mainly driven by our expanded self-operated flagship stores on e-commerce and social commerce platforms and our increased investment in platform marketing activities, including engagement of KOLs and livestreamers and placement of targeted advertisements; (ii) freight expenses, primarily reflecting the growth of our online direct sales channels, under which products are delivered directly to consumers and generally incur higher per-unit freight costs; and (iii) staff costs, mainly due to the expansion of our sales team in line with our growing sales scale.

Administrative Expenses

Our administrative expenses increased by 25.5% from RMB70.6 million in 2024 to RMB88.6 million in 2025, primarily due to the increases in depreciation and amortization, taxes and surcharges, professional service fees incurred for the preparation of our [**REDACTED**], as well as staff costs, mainly attributable to our business growth.

Research and Development Expenses

We recorded research and development expenses of RMB8.2 million and RMB9.1 million in 2024 and 2025, respectively.

Finance Costs

Our finance costs increased from RMB0.1 million in 2024 to RMB0.5 million in 2025, primarily due to increased interest on lease liabilities.

Income Tax (Expenses)/Credit

Our income tax position changed from an expense of RMB1.9 million in 2024 to a credit of RMB3.0 million in 2025. The change was primarily attributable to the recognition of deferred tax assets in respect of previously unrecognized tax losses.

Profit and Total Comprehensive Income for the Year

As a result of the above, our net profit decreased by 24.4% from RMB310.4 million in 2024 to RMB234.8 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Revenue by Product Category

Our revenue increased by 32.5% from RMB1,072.4 million in 2023 to RMB1,421.0 million in 2024, primarily due to the increased revenue from our sterilized milk and formulated milk products. Sterilized milk and formulated milk remained our principal revenue contributors in 2023 and 2024, together accounting for approximately 98.2% and 97.7% of our total revenue for the same periods, respectively.

Sterilized milk

Our revenue from sterilized milk increased by 30.7% from RMB831.7 million in 2023 to RMB1,087.5 million in 2024, primarily driven by an increase in sales volume from approximately 52,692 tonnes to 73,371 tonnes, mainly driven by the continued expansion of our retail sales network and broader market penetration. It was partially offset by the decrease in the average selling price from approximately RMB15,785 per tonne to RMB14,822 per tonne, primarily due to our adoption of more competitive pricing in response to intensified market competition in this category.

Formulated milk

Our revenue from formulated milk increased by 36.5% from RMB221.4 million in 2023 to RMB302.3 million in 2024, primarily due to the increase in sales volume from approximately 21,442 tonnes to 29,073 tonnes, mainly driven by our overall business expansion.

Pasteurized milk

Our revenue from pasteurized milk increased significantly from RMB3.4 million in 2023 to RMB15.7 million in 2024, primarily driven by (i) the rapid sales volume growth from approximately 260 tonnes to 1,144 tonnes and (ii) the increase in the average selling price from approximately RMB13,183 per tonne to RMB13,686 per tonne, mainly attributable to our upgraded manufacturing process and packaging design since mid-2023.

Milk-containing beverages

Our revenue from milk-containing beverages increased by 7.0% from RMB12.7 million in 2023 to RMB13.6 million in 2024, primarily due to the increase in sales volume from approximately 1,544 tonnes to 1,656 tonnes during the same periods, primarily attributable to the launch of new products, including our coffee-and-milk flavored beverage and buffalo milk yogurt shake.

Fermented dairy products

Our revenue from fermented dairy products was RMB1.8 million in 2023 and RMB1.0 million in 2024.

Other products

Our revenue from other products was RMB1.3 million in 2023 and RMB1.0 million in 2024.

Revenue by Sales Channels

Our revenue increased by 32.5% from RMB1,072.4 million in 2023 to RMB1,421.0 million in 2024, driven by strong growth across all channels. Our revenue from retailers more than doubled, primarily driven by our rapid expansion into snack bulk stores and other new retail channels. Our revenue from DTC sales increased by 41.7%, primarily driven by (i) the expansion of our self-operated flagship stores across e-commerce and social commerce platforms; and (ii) our increased investment in online marketing and brand-building activities. Our revenue from offline distributors increased by 11.4%, mainly reflecting steady growth in our traditional distribution network.

Cost of Sales

Our cost of sales increased by 25.7% from RMB698.2 million in 2023 to RMB877.5 million in 2024, primarily due to higher direct material and manufacturing overhead costs associated with our business expansion and increased sales volume.

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

Our gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest increased significantly from RMB12.1 million in 2023 to RMB24.1 million in 2024, primarily reflecting the growth of our self-owned dairy herd and the corresponding increase in internally produced raw milk.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 46.9% from RMB386.4 million in 2023 to RMB567.6 million in 2024, and our gross profit margin improved from 36.0% to 39.9% over the same periods.

Sterilized Milk

The gross profit margin of sterilized milk improved from 40.3% in 2023 to 43.9% in 2024, primarily due to a decrease in our raw milk procurement prices amid the continued expansion of large-scale dairy farms and raw milk supply in China in previous years.

Formulated Milk

The gross profit margin of formulated milk increased from 21.0% in 2023 to 27.8% in 2024, primarily due to lower unit production costs resulting from the expansion of production capacity at our Zhejiang dairy production facilities and a decline in our raw milk procurement prices in 2024.

Pasteurized Milk

The gross profit margin of pasteurized milk increased from 17.6% in 2023 to 29.4% in 2024, primarily attributable to (i) the increase in the average selling price following our upgraded manufacturing process and packaging design since mid-2023; and (ii) a decline in our raw milk procurement prices in 2024.

Milk-containing Beverages

The gross profit margin of milk-containing beverages decreased from 25.2% in 2023 to 13.5% in 2024, primarily attributable to relatively high unit production costs resulting from an upgraded dairy production line which was in its early ramp-up stage.

Fermented Dairy Products

The gross profit margin of fermented dairy products increased from 29.0% in 2023 to 31.4% in 2024, mainly due to a decline in our raw milk procurement prices in 2024.

Other Products

We recorded a gross profit margin for other products of 14.9% in 2023 and a gross loss margin of 55.8% in 2024, primarily reflecting the production ramp-up of our buffalo milk ice cream series, which incurred relatively high unit costs during its early stage of development.

Gains/(losses) Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

We recorded gains arising from changes in fair value less costs to sell of biological assets of RMB13.2 million in 2024, primarily due to the increase in our herd size of Holstein cows and improvements in our herd structure as heifers and calves grow and transition into productive milkable cows and buffalos. We recorded gains arising from changes in fair value less costs to sell of biological assets of RMB5.5 million in 2023, primarily due to the increase in our herd size of buffalos.

Other Income

Our other income increased by 63.3% from RMB5.3 million in 2023 to RMB8.6 million in 2024, primarily due to an increase in government grants from RMB1.2 million to RMB3.7 million and an increase in interest income from bank balances and time deposits from RMB3.5 million to RMB3.8 million.

Other Losses, Net

We recorded net other losses of RMB3.3 million in 2023 and RMB4.8 million in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 80.1% from RMB107.4 million in 2023 to RMB193.5 million in 2024. The increase was primarily attributable to the increases in (i) e-commerce channel fees, mainly driven by our expanded self-operated flagship stores across e-commerce and social commerce platforms and significantly increased investment in platform marketing activities, including engagement of KOLs and livestreamers and placement of targeted advertisements to accelerate brand recognition; (ii) low-value consumables consumption, primarily driven by greater use of turnover boxes to protect products during transportation; and (iii) staff costs, in line with the expansion of our sales team to support our business growth.

Administrative Expenses

Our administrative expenses increased by 54.4% from RMB45.7 million in 2023 to RMB70.6 million in 2024, primarily due to (i) a significant increase in professional service fees incurred in preparation of our listing; and (ii) office and general expenses driven by business expansion; and (iii) increased staff costs, as a result of the increase in the number of our administrative personnel driven by business expansion.

Research and Development Expenses

Our research and development expenses increased by 79.8% from RMB4.6 million in 2023 to RMB8.2 million in 2024, primarily due to (i) an increase in direct material expenses driven by the expansion of our research and development pipeline; and (ii) an increase in cooperative R&D expenses, mainly attributable to our active engagement of external research institutions and universities, including the National Research Institute in Wenzhou and China Agricultural University, to enhance our product and technology development capabilities.

Finance Costs

Our finance costs were RMB0.2 million in 2023 and RMB0.1 million in 2024.

Income Tax Expenses

Our income tax expenses decreased by 36.6% from RMB3.0 million in 2023 to RMB1.9 million in 2024, primarily due to recognition of deferred tax assets in respect of previously unrecognized tax losses.

Profit and Total Comprehensive Income for the Year

As a result of the above, our net profit increased by 33.2% from RMB233.0 million in 2023 to RMB310.4 million in 2024.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Non-current Liabilities

The following table sets forth a summary of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
NON-CURRENT ASSETS				
Property, plant and equipment	521,217	635,978	724,216	722,721
Right-of-use assets	152,326	156,676	177,036	174,017
Intangible assets	233	75	19	5
Biological assets	19,106	76,578	98,896	110,077
Deferred tax assets	1,945	3,362	8,630	9,966
Time deposits	–	30,000	–	–
Prepayments, deposits and other receivables	10,209	12,010	2,829	7,843
Total non-current assets	**705,036**	**914,679**	**1,011,626**	**1,024,629**
NON-CURRENT LIABILITIES				
Lease liabilities	652	7,368	27,188	24,799
Deferred tax liabilities	–	307	177	144
Deferred income	4,097	3,775	6,507	6,620
Total non-current liabilities	**4,749**	**11,450**	**33,872**	**31,563**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment consisted of (i) buildings; (ii) machinery and equipment; (iii) construction in progress; (iv) motor vehicles; (v) office and electronic equipment; and (vi) leasehold improvement.

Our property, plant and equipment increased by 22.0% from RMB521.2 million as of December 31, 2023 to RMB636.0 million as of December 31, 2024, primarily due to (i) the construction of phase II dairy production facilities in Zhejiang; (ii) the additions of dairy farms following our acquisition of a controlling interest in Saishang Baifei in September 2024; and (iii) the additional one floor in our office building in Hangzhou, Zhejiang.

Our property, plant and equipment increased by 13.9% from RMB636.0 million as of December 31, 2024 to RMB724.2 million as of December 31, 2025, primarily due to (i) the construction of additional production lines at our Hunan dairy production facilities; (ii) the expansion of raw milk and low-temperature dairy product storage facilities; (iii) the construction and upgrades of smart warehouse management and logistics system at our Guangxi dairy production facilities; and (iv) the construction and upgrades of farming machinery and equipment at our Ningxia dairy cow farm.

The carrying value of our property, plant and equipment remained relatively stable at RMB722.7 million as of March 31, 2026.

Right-of-use Assets

During the Track Record Period, our right-of-use assets consisted of (i) leasehold lands and (ii) leased properties.

Our right-of-use assets remained relatively stable at RMB152.3 million as of December 31, 2023 and RMB156.7 million as of December 31, 2024.

The increase in our right-of-use assets from RMB156.7 million as of December 31, 2024 to RMB177.0 million as of December 31, 2025 was primarily attributable to new leasehold land and property additions, mainly reflecting our expansion of dairy buffalo and dairy cow farm operations across Guangxi and Ningxia.

Our right-of-use assets remained relatively stable at RMB174.0 million as of March 31, 2026.

Biological Assets

During the Track Record Period, our biological assets consisted of milkable cows and buffalos, calves, heifers, breeding bulls and young male cattle, primarily held to produce raw milk for production of our dairy products. Heifers and calves held at the end of each year or period during the Track Record Period are cows and buffalos that have not had their first calves. The following table sets forth the number of our biological assets as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(Heads)			
Biological assets				
Milkable cows/buffalos[(1)]	701	3,309	3,623	3,833
Heifers and calves[(2)(3)]	277	919	3,187	3,888
Breeding bulls and young male cattle	80	221	336	244
Total	**1,058**	**4,449**	**7,146**	**7,965**

Notes:

(1) A milkable cow or buffalo typically undergoes a lactation cycle of approximately 300 days for buffalos and 305 days for cows, followed by a 60-day dry period to allow for udder tissue regeneration and fetal development before the next calving, which is crucial for maintaining their health and subsequent milk yield.

(2) In general, heifers are inseminated when they reach (i) approximately 18 to 24 months of age for buffalo heifers and (ii) approximately 13 to 15 months of age for cow heifers, provided they have reached the target body weight. After a gestation period of (i) approximately 10.5 months (around 310 days) for buffalo heifers or (ii) approximately nine months (around 280 days) for cow heifers, a calf is born. Following calving, the heifer transitions into a milkable cow or buffalo and commences raw milk production.

(3) When a heifer successfully calves and commences raw milk production, it is biologically and financially reclassified. The asset is transferred from the category of "heifers and calves" to "milkable cows/buffalos." This transfer is recorded based on the estimated fair value less costs to sell as of the date of transfer.

Pursuant to Chapter 4.10 under the Guide for New Listing Applicants published by the Stock Exchange, the following table sets forth the fair value of our biological assets as measured by the Valuer as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Biological assets				
Milkable cows/buffalos	16,458	72,329	66,671	70,061
Heifers and calves	2,065	3,597	31,714	39,439
Breeding bulls and young male cattle	709	1,060	2,181	1,236
Total	19,232	76,986	100,566	110,736
Less: current portion classified under current assets	(126)	(408)	(1,670)	(659)
Non-current portion classified under non-current assets	**19,106**	**76,578**	**98,896**	**110,077**

The value of biological asset at the end of each year or period during Track Record Period was as follows:

	Milkable cows/buffalos	Heifers and calves	Breeding bulls and young male cattle	Total
	(RMB in thousands)			
As of January 1, 2023	–	–	–	**–**
Increases due to purchase	10,072	1,864	538	**12,474**
Increase due to raising (feeding costs and others)	–	1,247	229	**1,476**
Transfer	417	(417)	–	**–**
Decrease due to sales	–	–	(5)	**(5)**
Decrease due to death	(195)	(11)	(25)	**(231)**
Change in fair value less costs to sell of biological assets	6,164	(618)	(28)	**5,518**
As of December 31, 2023 and January 1, 2024	**16,458**	**2,065**	**709**	**19,232**
Increases due to purchase	1,143	105	152	**1,400**
Increase due to acquisition of assets	–	42,747	–	**42,747**
Increase due to raising (feeding costs and others)	–	2,334	688	**3,022**
Transfer	54,742	(54,742)	–	**–**
Decrease due to sales	(286)	(4)	(314)	**(604)**
Decrease due to death	(1,425)	(423)	(183)	**(2,031)**
Change in fair value less costs to sell of biological assets	1,697	11,515	8	**13,220**

	Milkable cows/buffalos	Heifers and calves	Breeding bulls and young male cattle	Total
		(RMB in thousands)		
As of December 31, 2024 and January 1, 2025	72,329	3,597	1,060	**76,986**
Increases due to purchase	3,172	11,296	145	**14,613**
Increase due to raising (feeding costs and others)	–	18,659	6,036	**24,695**
Transfer	4,407	(4,407)	–	**–**
Decrease due to sales	(2,521)	(798)	(5,172)	**(8,491)**
Decrease due to death	(2,112)	(2,464)	(419)	**(4,995)**
Others	–	(42)	–	**(42)**
Change in fair value less costs to sell of biological assets	(8,604)	5,873	531	**(2,200)**
As of December 31, 2025 and January 1, 2026	66,671	31,714	2,181	**100,566**
Increases due to purchase	–	5,551	105	**5,656**
Increase due to raising (feeding costs and others)	–	8,795	1,888	**10,682**
Transfer	4,686	(4,686)	–	**–**
Decrease due to sales	(3,952)	(953)	(2,067)	**(6,972)**
Decrease due to death	(629)	(1,717)	(153)	**(2,499)**
Change in fair value less costs to sell of biological assets	3,285	736	(718)	**3,302**
As of March 31, 2026	70,061	39,439	1,236	**110,736**

We have engaged Asia-Pacific Consulting and Appraisal Limited ("**APA**" or the "**Valuer**"), an independent firm of qualified professional valuers not connected with us and experienced in the valuation of biological assets, to assist us in determining the fair values of our cows and buffalos. Our management and the Valuer held meetings periodically to discuss the valuation methodologies and relevant market information to ensure that the valuations were conducted appropriately. In applying the valuation methods, the Valuer relied on a number of assumptions, including, among others, the classification, headcount, weight and market price of the biological assets, as well as the assumption that there would be no material changes in the prevailing political, legal, technological, fiscal or economic conditions. As of December 31, 2023, 2024 and 2025 and March 31, 2026, the fair value of our biological assets represented approximately 2.0%, 5.9%, 6.4% and 6.8% of our total net assets, and approximately 1.8%, 4.9%, 5.2% and 5.9% of our total assets, respectively. See "— Valuation of Biological Assets" in this section and notes 20 and 38(d) to the Accountants' Report set out in Appendix I to this document for further details of the valuation techniques adopted in determining the fair values of our biological assets, the key inputs used in the valuation models, as well as a summary of significant unobservable inputs to the valuation of biological assets as of the end of each of the year or period during the Track Record Period.

Our biological assets increased significantly from RMB19.2 million as of December 31, 2023 to RMB77.0 million as of December 31, 2024, primarily due to (i) the introduction of our Holstein cow herd following our acquisition of a controlling interest in Saishang Baifei in September 2024, which added 2,500 Holstein cows with an aggregate fair value of RMB42.7 million; and (ii) the continued growth of our buffalo herd and an increase in the prevailing local market price of buffalo raw milk.

Our biological assets increased by approximately 30.6% from RMB77.0 million as of December 31, 2024 to RMB100.6 million as of December 31, 2025, primarily due to the significant expansion of our Holstein cow herd from 3,161 heads to 5,487 heads, driven by new cattle procurement and natural herd growth, together with the continued growth of our buffalo herd from 1,288 heads to 1,659 heads and a further increase in the prevailing local market price of buffalo raw milk.

Our biological assets increased by approximately 10.1% from RMB100.6 million as of December 31, 2025 to RMB110.7 million as of March 31, 2026, primarily due to the continued expansion of our Holstein cow herd from 5,487 heads to 6,418 heads, partially offset by a slight decrease in the fair value of our buffalo biological assets reflecting a reduction in buffalo herd size from 1,659 heads to 1,547 heads in the three months ended March 31, 2026.

Current Assets and Current Liabilities

The following table sets forth a summary of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				
CURRENT ASSETS					
Inventories	64,821	110,817	169,899	148,440	162,059
Biological assets	126	408	1,670	659	1,437
Trade receivables	16,519	20,483	43,290	71,485	62,271
Prepayments, deposits and other receivables	30,745	51,946	110,564	104,259	115,295
Tax recoverable	192	86	–	320	1,100
Financial assets at FVTPL	–	82,000	171,483	231,640	232,420
Time deposits	40,000	88,000	132,394	160,652	150,211
Restricted bank deposits	–	511	–	–	50,000
Cash and cash equivalents	222,723	286,474	291,006	126,322	175,494
Total current assets	**375,126**	**640,725**	**920,306**	**843,777**	**950,287**
CURRENT LIABILITIES					
Trade payables	75,617	119,345	131,869	113,384	136,933
Other payables and accruals	19,954	33,292	44,858	31,313	33,734
Contract liabilities	26,808	83,920	145,058	58,074	55,525
Tax payables	564	103	2,065	1,554	16
Lease liabilities	115	440	902	2,133	2,209
Deferred income	502	502	502	502	502
Total current liabilities	**123,560**	**237,602**	**325,254**	**206,960**	**228,918**
Net current assets	**251,566**	**403,123**	**595,052**	**636,817**	**721,368**

Our net current assets increased by 60.2% from RMB251.6 million as of December 31, 2023 to RMB403.1 million as of December 31, 2024. This increase was primarily due to (i) an increase of RMB82.0 million in financial assets at FVTPL; (ii) an increase of RMB63.8 million in cash and cash equivalents; (iii) an increase of RMB48.0 million in time deposits; and (iv) an increase of RMB46.0 million in inventories. These increases were partially offset by an increase of RMB57.1 million in contract liabilities and an increase of RMB43.7 million in trade payables.

Our net current assets increased by 47.6% from RMB403.1 million as of December 31, 2024 to RMB595.1 million as of December 31, 2025. This increase was primarily due to (i) an increase of RMB89.5 million in financial assets at FVTPL; (ii) an increase of RMB59.1 million in inventories; (iii) an increase of RMB58.6 million in prepayments, deposits and other receivables; and (iv) an increase of RMB44.4 million in time deposits. These increases were partially offset by an increase of RMB61.1 million in contract liabilities.

Our net current assets increased by 7.0% from RMB595.1 million as of December 31, 2025 to RMB721.4 million as of March 31, 2026. This increase was primarily due to (i) a decrease of RMB87.0 million in contract liabilities; (ii) an increase of RMB60.2 million in financial assets at FVTPL; (iii) an increase of RMB28.3 million in time deposits; and (iv) an increase of RMB28.2 million in trade receivables. These increases were partially offset by a decrease of RMB164.7 million in cash and cash equivalents.

Our net current assets increased by 13.9% from RMB633.4 million as of March 31, 2025, to RMB721.4 million as of May 31, 2026. This increase was primarily due to (i) an increase of RMB50.0 million in time deposits; and (ii) an increase of RMB13.6 million in inventories. These increases were partially offset by an increase of RMB23.5 million in trade payables.

See "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position."

Inventories

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Raw materials	35,287	52,307	111,621	89,751
Finished goods	19,812	39,600	37,383	41,743
Goods in transit	6,780	17,486	19,417	14,616
Low value consumables	2,942	1,424	1,478	2,330
Total	**64,821**	**110,817**	**169,899**	**148,440**

Our inventories increased by 71.0% from RMB64.8 million as of December 31, 2023 to RMB110.8 million as of December 31, 2024, primarily driven by (i) an increase in raw materials to support our business expansion; (ii) an increase in finished goods, primarily attributable to year-end pre-festive season stocking in connection with the Chinese New Year holiday; and (iii) an increase in goods in transit, mainly driven by the growth in our online retail and DTC sales, for which revenue is recognized upon confirmation of receipt by customers.

Our inventories further increased by 53.3% from RMB110.8 million as of December 31, 2024 to RMB169.9 million as of December 31, 2025, primarily driven by a significant increase in raw materials to support business expansion.

Our inventories decreased by 12.6% from RMB169.9 million as of December 31, 2025 to RMB148.4 million as of March 31, 2026, primarily due to the consumption of raw material inventories accumulated for the year-end festive season.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 30 days	38,169	68,307	85,585	70,259
31 to 60 days	11,697	12,900	26,502	17,032
61 to 90 days	4,672	7,477	11,312	15,592
91 to 120 days	1,214	5,979	28,854	5,712
Over 120 days	9,070	16,154	17,646	39,845
Total	**64,821**	**110,817**	**169,899**	**148,440**

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Inventory turnover days[(1)] *(days)*	46.8	36.5	46.0	41.5

Note:

(1) Average turnover days of inventories is equal to the average of the beginning and ending net inventory balances divided by cost of sales for a certain period and multiplied by the number of days in the period (i.e., 365 days for a year and 90 days for the three-month periods ended March 31, 2026).

Our inventory turnover days remained generally stable at 46.8 days in 2023, 36.5 days in 2025 and 41.5 days in the three months ended March 31, 2026. The decrease from 47.6 days in 2023 to 37.6 days in 2024 was primarily attributable to a shorter holding period for raw materials and finished goods by the end of 2024, as the relatively early timing of the Chinese New Year holiday in 2025 led certain customers to advance purchases and take delivery of products before year-end.

As of May 31, 2026, RMB103.3 million, or 69.6%, of our inventories as of March 31, 2026 had been subsequently sold or utilized.

Trade Receivables

The following table sets forth the details of our trade receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade receivables	17,439	21,561	45,571	75,296
Less: Allowance for expected credit losses	(920)	(1,078)	(2,281)	(3,811)
Total	**16,519**	**20,483**	**43,290**	**71,485**

Our trade receivables increased by 24.0% from RMB16.5 million as of December 31, 2023 to RMB20.5 million as of December 31, 2024, and further increased significantly to

RMB43.3 million as of December 31, 2025, and then increased by 65.1% to RMB71.5 million as of March 31, 2026. The increases were primarily due to the increase in the number of retailers and expanded retail revenue, which generally enjoy longer credit periods than our other customers.

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Trade receivables turnover days[1] *(days)*	3.0	4.8	7.2	10.5

Note:

(1) Trade receivables turnover days are calculated as the average of the beginning and ending balance of trade receivables for a certain period divided by the revenue for the same year or period and multiplied by the number of days in the period, i.e., 365 days for a year and 90 days for the three months ended March 31, 2026.

The credit period that we granted to customers is generally up to 90 days during the Track Record Period. Our trade receivables turnover days increased from 3.0 days in 2023 to 4.8 days in 2024, and then increased to 7.2 days in 2025, which then increased to 10.5 days for the three months ended March 31, 2026, primarily due to the increase in the number of retailers and expanded retail revenue.

The following table sets forth an aging analysis of our trade receivables, based on the revenue recognition date and after the recognition of loss allowance, as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 month	10,824	13,466	18,477	29,323
31 to 60 days	2,028	4,242	12,625	9,425
61 to 90 days	4,450	1,445	4,620	6,858
91 to 120 days	86	1,523	4,270	8,379[1]
Over 120 days	51	885	5,579	21,311
Total	**17,439**	**21,561**	**45,571**	**75,296**

Note:

(1) The increase in trade receivables aged over 120 days as of March 31, 2026 was primarily attributable to amounts due from certain customers under "goods first, then payment" arrangements. We extended such arrangements to a selected group of customers for their purchases of our dairy products. We selected eligible customers on a case-by-case basis, taking into account factors such as their historical performance, business operations, scale, creditworthiness and credibility. Under these arrangements, each approved customer may place purchase orders up to its approved transaction limit and settle the corresponding payment on a deferred settlement basis. Once a customer reaches its approved limit, it must settle the outstanding balance before placing further orders. We were not aware of any material dispute, default or other credit impairment event in respect of these balances as of the Latest Practicable Date.

As of May 31, 2026, RMB38.8 million, or 51.5%, of our trade receivables as of March 31, 2026 had been subsequently collected.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily consisted of structured deposits issued by reputable commercial banks in Chinese Mainland. We invested in such products as part of our treasury management activities to enhance returns on surplus cash after satisfying our working capital and capital expenditure requirements. Structured deposits are classified as financial assets at FVTPL because their returns are linked to underlying benchmarks and therefore do not satisfy the solely payments of principal and interest criterion under IFRS 9.

We had no financial assets at FVTPL as of December 31, 2023. Our financial assets at FVTPL increased significantly from RMB82.0 million as of December 31, 2024 to RMB171.5 million as of December 31, 2025 and further by 35.1% to RMB231.6 million as of March 31, 2026, primarily due to the increase in surplus cash available for treasury investments.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily consisted of (i) value added tax recoverable; (ii) prepayments to suppliers and service providers; (iii) prepayments for purchase of property, plant and equipment; and (iv) deposits for land auction. See note 23 to Accountants' Report in Appendix I to this document.

Our prepayments, other receivables and other assets increased by 56.1% from RMB41.0 million as of December 31, 2023 to RMB64.0 million as of December 31, 2024, primarily due to (i) an increase in value-added tax recoverable from RMB15.3 million to RMB29.2 million, primarily due to additional input VAT deductible; and (ii) an increase in prepayments to suppliers and service providers from RMB12.6 million to RMB19.7 million, primarily attributable to our year-end pre-festive season procurement arrangements ahead of the Chinese New Year holiday.

Our prepayments, other receivables and other assets increased by 77.2% from RMB64.0 million as of December 31, 2024 to RMB113.4 million as of December 31, 2025, primarily due to (i) a significant increase in value-added tax recoverable from RMB29.2 million to RMB66.9 million, primarily due to additional input VAT deductible; and (ii) an increase in prepayments to suppliers and service providers from RMB19.7 million to RMB34.3 million mainly in connection with our pre-festive season stocking arrangements.

Our prepayments, other receivables and other assets remained relatively stable at RMB112.1 million as of March 31, 2026.

As of May 31, 2026, RMB37.3 million, or 33.3%, of our prepayments, deposits and other receivables as of March 31, 2026 had been subsequently settled.

Trade Payables

Our trade payables mainly represented the payables for raw materials and packing materials, as well as machinery and equipment. Our trade payables increased by 57.8% from RMB75.6 million as of December 31, 2023 to RMB119.3 million as of December 31, 2024, and further increased by 10.5% to RMB131.9 million as of December 31, 2025, primarily due to higher machinery and equipment payables arising from our capacity expansion and construction of dairy breeding facilities, as well as increased materials payables in line with higher raw material procurement volumes to support business growth.

Our trade payables decreased by 14.0% from RMB131.9 million as of December 31, 2025 to RMB113.4 million as of March 31, 2026, primarily due to the settlement of year-end raw material procurement payables associated with pre-festive season stocking arrangements and outstanding machinery and equipment payables.

The following table sets forth our trade payables turnover days for the periods indicated:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Trade payables turnover day[1] *(days)*	29.9	40.6	41.1	32.0

Note:

(1) Trade and bills payables turnover days are calculated as the average of the beginning and ending balance of trade payables for a certain period divided by the cost of sales for the same year or period and multiplied by the number of days in the period, i.e., 365 days for a year and 90 days for the three months ended March 31, 2026.

Our trade payables turnover days increased from 29.9 days in 2023 to 40.6 days in 2024 and further to 41.1 days in 2025, primarily driven by the increase in machinery and equipment payables, which carried longer settlement periods than raw materials payables which are generally settled on a monthly basis. Our trade payables turnover days was 32 days for the three months ended March 31, 2026.

The following table sets forth an aging analysis of our trade payables, based on the transaction date, as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within one year	74,517	118,152	114,980	102,586
More than one year	1,100	1,193	16,889	10,798
Total	**75,617**	**119,345**	**131,869**	**113,384**

As of May 31, 2026, RMB80.7 million, or 71.2%, of our trade payables as of March 31, 2026 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consisted of (i) accrued payroll and welfare; (ii) deposits received from customers; (iii) other taxes payables; and (iv) others during the Track Record Period.

Our other payables and accruals increased by 66.8% from RMB20.0 million as of December 31, 2023 to RMB33.3 million as of December 31, 2024, primarily due to (i) an increase in other taxes payables from RMB4.7 million to RMB8.7 million; (ii) an increase in accrued payroll and welfare from RMB7.6 million to RMB10.8 million; and (iii) deposits received from customers from RMB5.9 million to RMB8.8 million.

Our other payables and accruals further increased by 34.8% from RMB33.3 million as of December 31, 2024 to RMB44.9 million as of December 31, 2025, primarily due to (i) a significant increase in other taxes payables from RMB8.7 million to RMB16.2 million; and (ii) an increase in accrued payroll and welfare from RMB10.8 million to RMB15.0 million.

Our other payables and accruals decreased by 30.2% from RMB44.9 million as of December 31, 2025 to RMB31.3 million as of March 31, 2026, primarily due to a significant decrease in other taxes payables from RMB16.2 million to RMB5.8 million.

Contract Liabilities

Our contract liabilities consisted of (i) advances from customers for dairy products; and (ii) accrued sales rebates during the Track Record Period.

Our contract liabilities increased significantly from RMB26.8 million as of December 31, 2023 to RMB83.9 million as of December 31, 2024, and further increased by 72.9% to RMB145.1 million as of December 31, 2025, primarily due to the growth of advance payments received from distributors under our delivery upon payment model as our sales scaled and distributor network expanded.

Our contract liabilities decreased by 59.9% from RMB145.1 million as of December 31, 2025 to RMB58.1 million as of March 31, 2026, primarily due to the decrease in advances from customers for dairy products following the recognition of year-end customer advances as revenue upon delivery of dairy products during the first quarter of 2026. This decrease was partially offset by an increase in accrued sales rebates which was mainly attributable to the growth in our sales during the three months ended March 31, 2026.

As of May 31, 2026, RMB26.5 million, or 47.8% of our contract liabilities arising from advance payment received from our customers as of March 31, 2026 had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
			(RMB in thousands)		
Net cash from/(used in) operating activities	374,263	342,931	241,079	(8,641)	(48,858)
Net cash used in investing activities	(247,003)	(310,598)	(267,807)	(67,575)	(115,545)
Net cash from/(used in) financing activities	(30,211)	31,418	31,260	4,562	(281)
Net (decrease)/increase in cash and cash equivalents	**97,049**	**63,751**	**4,532**	**(71,654)**	**(164,684)**
Cash and cash equivalents at beginning of the year/period	125,674	222,723	286,474	286,474	291,006
Cash and cash equivalents at end of the year/period	**222,723**	**286,474**	**291,006**	**214,820**	**126,322**

Net Cash from/(used in) Operating Activities

For the three months ended March 31, 2026, we had net cash used in operating activities of RMB48.9 million. This net cash outflow was primarily due to (i) our profit before tax of RMB57.3 million, as adjusted for certain non-cash items, principally including depreciation of property, plant and equipment of RMB14.5 million; and (ii) changes in working capital that negatively affected operating cash flows, primarily including (a) a decrease in contract liabilities of RMB87.0 million as customer advances received at the end of 2025 were recognized as revenue upon delivery of dairy products during the period; (b) an increase in trade receivables of RMB29.7 million; and (c) a decrease in trade payables of RMB18.5 million. Such impacts were partially offset by changes in working capital that positively affected operating cash flows, primarily including a decrease in inventories of RMB18.9 million.

Net cash generated from operating activities in 2025 was RMB241.1 million. This net cash inflow was primarily attributable to (i) our profit before tax of RMB231.8 million, as adjusted for certain non-cash items, principally including depreciation of property, plant and equipment of RMB52.3 million; and (ii) changes in working capital that positively affected operating cash flows, primarily including an increase in contract liabilities of RMB61.1 million resulting from increased customer advances received from distributors under our payment-before-delivery sales model. Such impacts were partially offset by changes in working capital that negatively affected operating cash flows, primarily including (a) an increase in inventories of RMB60.7 million associated with year-end inventory build-up; (b) an increase in other receivables, deposits and prepayments of RMB59.5 million; and (c) an increase in trade receivables of RMB24.1 million.

Net cash generated from operating activities in 2024 was RMB342.9 million. This net cash inflow was primarily attributable to (i) our profit before tax of RMB312.3 million, as adjusted for certain non-cash items, principally including depreciation of property, plant and equipment of RMB35.5 million; and (ii) changes in working capital that positively affected operating cash flows, primarily including an increase in contract liabilities of RMB57.1 million resulting from increased customer advances received from distributors under our payment-before-delivery sales model. Such impacts were partially offset by changes in working capital that negatively affected operating cash flows, primarily including (a) an increase in inventories of RMB41.2 million; and (b) an increase in other receivables, deposits and prepayments of RMB21.5 million.

Net cash generated from operating activities in 2023 was RMB374.3 million. This net cash inflow was primarily attributable to (i) our profit before tax of RMB236.0 million, as adjusted for certain non-cash items, principally including depreciation of property, plant and equipment of RMB24.2 million; and (ii) changes in working capital that positively affected operating cash flows, primarily including (a) a decrease in inventories of RMB49.3 million; and (b) an increase in trade payables of RMB36.9 million. Such impacts were partially offset by changes in working capital that negatively affected operating cash flows, primarily including an increase in trade receivables of RMB16.0 million.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2026 was RMB115.5 million, primarily due to (i) placement of time deposits of RMB110.0 million; and (ii) purchases of financial assets at FVTPL of RMB100.0 million, partially offset by proceeds from maturity of time deposits of RMB82.0 million.

In 2025, we had net cash used in investing activities of RMB267.8 million, primarily due to (i) purchases of financial assets at FVTPL of RMB250.0 million; (ii) payment for purchases of property, plant and equipment of RMB131.3 million; and (iii) placement of time deposits of RMB44.0 million, partially offset by proceeds from maturity of time deposits of RMB30.0 million.

In 2024, we had net cash used in investing activities of RMB310.6 million, primarily due to (i) placement of time deposits of RMB248.0 million; (ii) payment for purchases of property, plant and equipment of RMB143.5 million; and (iii) purchases of financial assets at FVTPL of RMB107.0 million. Such cash outflows were partially offset by proceeds from maturity of time deposits of RMB170.0 million.

In 2023, we had net cash used in investing activities of RMB247.0 million, primarily due to (i) payment for purchases of property, plant and equipment of RMB203.5 million in connection with the construction of our production facilities in Guangxi and Zhejiang; and (ii) placement of time deposits of RMB40.0 million.

Net Cash from/(Used in) Financing Activities

Net cash used in financing activities for the three months ended March 31, 2026 was RMB0.3 million, primarily due to repayments of lease liabilities of RMB0.2 million and other financing outflows of RMB0.1 million.

In 2025, we had net cash generated from financing activities of RMB31.3 million, primarily due to a capital injection by a non-controlling equity holder of RMB31.8 million in connection with the continued development of our Ningxia dairy farm.

In 2024, we had net cash generated from financing activities of RMB31.4 million, primarily due to a capital injection by a non-controlling equity holder of RMB32.0 million.

In 2023, we had net cash used in financing activities of RMB30.2 million, primarily due to (i) dividends paid to shareholders of RMB20.0 million; and (ii) repayment of bank borrowings of RMB10.0 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Our indebtedness during the Track Record Period consisted of bank borrowings and lease liabilities. As of May 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, we had a total indebtedness of RMB74.6 million and had no unutilized banking facilities. The following table sets out a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
					(unaudited)
			(RMB in thousands)		
Current					
Lease liabilities	115	440	902	2,133	2,209
Non-Current					
Lease liabilities	652	7,368	27,188	24,799	24,906
Bank borrowings – secured	–	–	–	–	47,500
Total	767	7,808	28,090	26,932	74,615

Lease Liabilities

Our lease liabilities consisted primarily of obligations arising from land and property leases during the Track Record Period. The weighted average incremental borrowing rates applied to lease liabilities were 4.55%, 3.7%, 3.55% and 3.55% per annum as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. See note 29 to Accountants' Report in Appendix I to this document.

Our lease liabilities increased significantly from RMB0.8 million as of December 31, 2023 to RMB7.8 million as of December 31, 2024, and further to RMB28.1 million as of

December 31, 2025, primarily because we entered into additional long-term land and property leases in Guangxi and Ningxia as we expanded our dairy buffalo and Holstein dairy cow farm operations, as well as leases of office premises to support our business expansion.

Our lease liabilities decreased slightly from RMB28.1 million as of December 31, 2025 to RMB26.9 million as of March 31, 2026, primarily reflecting scheduled repayment of lease liabilities in the three months ended March 31, 2026.

Bank Borrowings

As of December 31, 2023, 2024 and 2025, March 31, 2026 and May 31, 2026, we had bank borrowings of nil, nil, nil, nil and RMB47.5 million, respectively. The borrowings as of May 31, 2026 were from a commercial bank in China, secured and unguaranteed and denominated in Renminbi with interest rate of 2.55%.

Our borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

Our Directors further confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Contingent Liabilities and Guarantees

As of December 31, 2023, 2024 and 2025, March 31, 2026 and May 31, 2026, we did not have any contingent liabilities.

Indebtedness Statement

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of May 31, 2026, being our indebtedness statement date. We are not subject to any material covenants or undertakings relating to our outstanding debts, guarantees, pledges over key assets or other contingent obligations, and there were no breaches during the Track Record Period and up to the Latest Practicable Date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since May 31, 2026.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures primarily consisted of payments for purchases of property, plant and equipment, as well as purchases of biological assets during the Track Record Period. In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, our capital expenditures were RMB217.4 million, RMB153.8 million, RMB169.5 million, RMB33.3 million and RMB41.4 million, respectively.

We expect to finance our capital expenditures through financial resources currently available to us, mainly including cash generated from operations and the net [**REDACTED**] to be received from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**]."

Contractual Commitments

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we had capital expenditure contracted for but not provided for in respect of property, plant and equipment of RMB133.8 million, RMB133.3 million, RMB103.8 million and RMB93.6 million, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS

We may enter into transactions with our related parties from time to time. See note 40 to the Accountants' Report in Appendix I to this document for details of our related party transactions during the Track Record Period. Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business at arm's length with reference to normal commercial terms, and would not distort our track record results or make our historical results not reflective of our future performance.

WORKING CAPITAL SUFFICIENCY

Based on the foregoing and after taking into account our present financial resources and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the opinion that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods or years indicated:

	As of/for the year ended December 31,			As of/for the three months ended March 31,
	2023	2024	2025	2026
Gross profit margin *(%)*[(1)]	36.0	39.9	37.7	36.7
Net profit margin *(%)*[(2)]	21.7	21.8	14.6	11.6
Current ratio *(times)*[(3)]	3.0	2.7	2.8	4.1
Gearing ratio *(times)*[(4)]	0.1	0.2	0.2	0.1

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue.

(2) Net profit margin is calculated based on net profit divided by revenue.

(3) Current ratio is calculated based on total current assets divided by total current liabilities.

(4) Gearing ratio is calculated based on total liabilities divided by total assets.

See "— Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin and net profit margin during the Track Record Period.

Our current ratio decreased from 3.0 times as of December 31, 2023 to 2.7 times as of December 31, 2024, primarily due to a significant increase in contract liabilities from customer advance payments. Our current ratio increased to 2.9 times as of December 31, 2025, primarily due to a significant increase in financial assets at FVTPL. Our current ratio increased to 4.1 times as of March 31, 2026, primarily due to the decrease in contract liabilities, which resulted in a reduction in our current liabilities, partially offset by a decrease in cash and cash equivalents.

Our gearing ratio remained relatively stable at 0.1 times, 0.2 times, 0.2 times and 0.1 times in as of December 31, 2023, 2024 and 2025 and March 31, 2026.

VALUATION OF BIOLOGICAL ASSETS

Information About the Valuer of Our Biological Assets

We have engaged APA, an independent valuer, to determine the fair value of our biological assets as of December 31, 2023, 2024 and 2025 and March 31, 2026 (the "**Valuation Dates**") respectively. APA's key valuer includes Mr. Jack W.J. Li.

Mr. Jack W.J. Li, Director at APA, is a Chartered Financial Analyst charter-holder and a member of Royal Institution of Chartered Surveyors. He oversees the business valuation services of APA and has over 15 years of valuation experience. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in China, Hong Kong, Singapore and the United States. Jack has also participated in certain large-scale IPOs in China. He oversaw the valuation of biological assets for the initial public offerings and subsequent financial reports of BIOCYTOGEN (stock code: 2315.hk), ZONBONG ENVIRO (stock code: 1855.hk), and UNI HEALTH (stock code: 2211.hk).

Based on market reputation and relevant background research, our Directors and the Sole Sponsor are satisfied that APA is independent from us and is competent in conducting a valuation on our biological assets.

Biological Assets and Valuation

See "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Biological Assets" in this section and notes 20 and 38(d) to the Accountants' Report set out in Appendix I to this document for further discussion of the volume and the movements in the fair value of our biological assets.

Valuation Methodology

In arriving at the assessed value, two generally accepted approaches have been considered, namely, the market approach and the income approach. The market approach is adopted to value our calves, heifers, breeding bulls and young male cattle. Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparatives. Assets for which there is an established secondary market may be valued by this approach. The income approach is adopted to value our milkable cows and buffalos, which are mature cows and buffalos.

The following valuation methods for each type of biological assets were adopted:

Dairy Cows and Buffalos

Milkable Cows and buffalos

An income approach is adopted by APA to value our milkable cows and buffalos, primarily because generally there is no reliable market-based price for dairy cows and buffalos at maturity stage and therefore the fair value of the milkable cows and buffalos is developed through the application of the income approach technique known as MEEM. MEEM is a derivative of the DCF method. Using this technique, APA estimates the direct economic benefits attributed to the milkable cows and buffalos. Such economic benefits are then capitalized at a rate which reflects all business risks including intrinsic and extrinsic uncertainties in relation to the subject assets. To estimate the economic benefits, the revenues for the milkable cows and buffalos are projected over their remaining useful lives. Based on the projected revenues, the costs associated with supporting the milkable cows and buffalos are net off. The net income projection is then adjusted by economic capital charges. The capital charges include returns on the assets that are used or used up in the generation of the subject biological assets' income projection. Our Directors and the Sole Sponsor confirmed that the components of the material cash flows used in the fair value measurement are consistent with market factors and assumptions used in the measurement. Examples of such assets include fixed assets and assembled workforce.

Calves and Heifers

A market approach is adopted by APA to value our calves and heifers, because the most recent market-based prices for heifers at certain age exist as of the Valuation Dates and therefore the fair values of other cows and buffalos are developed through the application of market approach with reasonable adjustments to reflect the age differences.

Breeding Bulls and Young Male Cattle

A market-based approach is adopted by APA to value the breeding bulls and young male cattle, because the most recent market-based prices for beef cattle, newborn young male cattle, mature breeding cattle and culled breeding cattle exist as of the Valuation Dates and therefore the fair value of breeding bulls and young male cattle is developed through the application of market approach with reasonable adjustments to reflect age differences.

Key Assumptions and Inputs

Cows and Buffalos

Key inputs for valuing our cows and buffalos are the herd size and classification of cows and buffalos. Based on maturity stages, our cows and buffalos are classified into calves, heifers, milkable cows and buffalos, breeding bulls and young male cattle. Different valuation approaches are adopted for them.

Milkable Cows and Buffalos

The key assumptions and inputs include the revenues from milkable cows and buffalos and the costs associated with the milkable cows and buffalos. APA also assumes that there will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect our business. In deriving the residual cash flow of the milkable cows and buffalos, APA has deducted returns on contributory assets, which represent charges for the use of contributory assets employed to support the milkable cows and buffalos and help generate revenue.

The key assumptions and inputs for calculating the revenues from milking include the following: (i) the herd size of milkable cows and buffalos and their respective estimated culling rates and calf birth rates, at different lactation stages; (ii) the milk yield rate as adjusted by an estimated spoilage rate at different lactation stages; and (iii) the prices for raw milk produced by, and calves and newborn bulls given birth by, milkable cows and buffalos at different lactation stages.

The key assumptions and inputs for calculating the costs associated with raising the milkable cows and buffalos include the following: (i) feed; (ii) salary, welfare and social insurance; and (iii) others.

Calves and Heifers

The key inputs and assumptions for valuing our calves and heifers for cows are the local market prices per head for 20 months old heifer, which was RMB17,000 as of the valuation dates.

The key inputs and assumptions for valuing our calves and heifers for buffalos are the local market prices per head for 24 months old heifer, which was RMB15,000 as of the valuation dates.

Breeding Bulls and Young Male Cattle

The key inputs and assumptions for valuing the breeding bulls are the historical average selling prices of RMB20.00/kg as of December 31, 2023, RMB21.17/kg as of December 31, 2024, RMB14.75/kg as of December 31, 2025 and RMB17.44/kg as of March 31, 2026. The fair values of the breeding bulls are determined with reasonable adjustments to reflect age differences.

The key inputs and assumptions for valuing the young male cattle are the historical average selling prices of (i) RMB778 per head, RMB778 per head, RMB726 per head and RMB751 per head as of December 31, 2023, 2024 and 2025 and March 31, 2026 for buffalos, and (ii) RMB730 per head as of December 31, 2024 and 2025 and March 31, 2026 for cows, respectively. The fair values of the young male cattle are determined with reasonable adjustments to reflect age differences.

The Sole Sponsor has reviewed the qualifications and relevant valuation experience of APA. The Sole Sponsor also discussed with APA in relation to its scope of work, valuation procedures, valuation bases and assumptions, valuation techniques and information required to prepare its valuation report. As confirmed by APA, the valuation of our biological assets was conducted in accordance with the International Accounting Standard 41 issued by the International Accounting Standards Board and the International Valuation Standards issued by the International Valuation Standards Council. APA has further confirmed that its valuation procedures provide a reasonable basis for its opinion, and that the inputs used in the valuation techniques are appropriate and reasonable.

The Sole Sponsor discussed with our management and APA with respect to the techniques chosen and inputs used in the valuations, and the Sole Sponsor has further discussed with the Reporting Accountants regarding the key bases and assumptions of the valuation and the audit procedures performed in accordance with the relevant auditing standards. The Sole Sponsor further compared the valuation technique chosen, bases and assumptions of the valuation with those used in other similar transaction and market practice. The Sole Sponsor and the Reporting Accountants are satisfied that the valuation techniques chosen and the inputs used in the valuation techniques are appropriate and reasonable. The Reporting Accountants provided an unqualified opinion to the financial information of our Group as a whole as set out in Appendix I to this document.

Our Directors confirmed, and the Sole Sponsor concurred on the basis of the foregoing, that the key bases and assumptions used by APA in the valuation process, as well as the valuation techniques chosen and the key inputs used in the valuation techniques, are consistent with those used by the industry peers and are appropriate and reasonable.

Sensitivity Analysis

A significant increase or decrease in the estimated selling price and feed cost in isolation would result in a significant increase or decrease in the fair value of the biological assets, respectively. As of the Valuation Dates, we conducted the following sensitivity test for biological assets:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Hypothetical increase/(decrease) in milk price	***Change in valuation***			
10%	2,265	25,455	24,466	26,025
(10%)	(2,265)	(25,455)	(24,466)	(26,025)
Hypothetical increase/(decrease) in feed cost	***Change in valuation***			
10%	(811)	(17,562)	(17,759)	(18,962)
(10%)	811	17,562	17,759	18,962
Hypothetical increase/(decrease) in market selling price of heifers and calves	***Change in valuation***			
10%	962	5,310	9,569	10,573
(10%)	(962)	(4,976)	(9,267)	(10,361)
Hypothetical increase/(decrease) in discount rate	***Change in valuation***			
5%	(983)	(5,540)	(4,943)	(5,132)
(5%)	1,155	6,641	5,872	6,079

Stock Take and Internal Control

We have established a standard internal protocol for stock taking across all our dairy farms, including scheduled and ad hoc counts, to ensure the physical existence and accuracy of data and information of our biological assets. A full count based on ear tag numbers is performed at each of our dairy farms on a monthly basis.

Our production personnel are responsible for conducting the headcount, while our financial personnel oversee and review the data, prepare inventory reports and maintain related records. We have also formulated a comprehensive policy for biological asset management, covering relevant accounting policies, transfer between age groups, the purchase and disposal of biological assets, breeding and record keeping. For our dairy farms, the inflow and outflow of livestock are recorded electronically in our farm management system by our production personnel, which are reviewed on periodic or ad hoc basis by our financial personnel.

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and commissions, and (ii) non-[**REDACTED**] expenses, comprising professional fees paid and payable to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] Range), we estimate that the total [**REDACTED**] payable by us will be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising (i) [**REDACTED**] expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), (ii) fees and expenses of legal advisors and reporting accountants of approximately RMB[**REDACTED**] (HK$[**REDACTED**]);

and (iii) other fees and expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]). Our estimated total [**REDACTED**] represent approximately [**REDACTED**]% of the total gross [**REDACTED**] that we will receive from the [**REDACTED**], of which approximately RMB[**REDACTED**] (HK$ [**REDACTED**]) will be charged to our consolidated statements of profit or loss and other comprehensive income and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) will be deducted from equity as such amount is directly attributable to the [**REDACTED**] of H Shares.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

Our major financial instruments include financial assets at FVTPL, time deposits, restricted bank deposit, bank balances and cash, trade receivables, other receivables, trade payables, other payables and accruals and lease liabilities. We are exposed to various financial risks in the ordinary course of business, including market risk such as currency risk, interest rate risks and price risk, credit risk, and liquidity risk. See note 38(c) to the Accountants' Report in Appendix I to this document for further details.

We seek to balance the risks and benefits arising from our use of financial instruments and to mitigate potential adverse effects on our financial performance. Our risk management policies are reviewed regularly to reflect changes in market conditions and our operations. Our internal audit function also performs periodic and ad hoc reviews of the implementation of our internal control systems to ensure compliance with such policies.

DIVIDENDS

During the Track Record Period, we declared and paid dividends of RMB20.0 million to our Shareholders in 2023. Pursuant to the approval at the shareholder meeting in May 2026, we declared dividends of RMB60.1 million to our Shareholders, which were fully paid in June 2026. Pursuant to the Articles of Association, our Board may declare dividends after taking into account our development stage, profitability, operating performance and capital expenditure requirement, subject to the approval of our Shareholders. We do not currently have any fixed dividend pay-out ratio. Any future declaration and payment, as well as the number of dividends, will be subject to our Articles of Association and the relevant PRC laws. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

DISTRIBUTABLE RESERVES

As of March 31, 2026, our Company's retained earnings were RMB1,290.0 million, which represented our distributable reserves as of the same date.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information" to this document for details of our unaudited [**REDACTED**] adjusted consolidated net tangible assets.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, subsequent to the Track Record Period and up to the Latest Practicable Date, there had been no material adverse change in our financial or trading position and there is no event subsequent to the Track Record Period which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

FUTURE PLANS

See "Business — Our Strategies."

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting the [**REDACTED**], fees and other estimated expenses paid and payable by us in connection with the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the midpoint of the indicative [**REDACTED**] range of HK$[**REDACTED**] and HK$[**REDACTED**]).

We intend to apply the net [**REDACTED**] from the [**REDACTED**] as follows:

- Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand and upgrade our supply chain to enhance raw milk quality, strengthen supply security, optimize our product portfolio and improve warehousing efficiency over the next three years. According to Frost & Sullivan, the retail sales value of buffalo low-temperature liquid milk in China is expected to grow at a CAGR of 20.6% from 2025 to 2030. To capture such market opportunities and support our future growth, we intend to further strengthen our supply chain capabilities. Specifically:

  (i) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to construct a smart dairy buffalo farm in Guigang, Guangxi. We plan to introduce 6,000 high-quality dairy buffalos and deploy intelligent husbandry equipment and digital management systems, which is expected to (a) scale and standardize our dairy buffalo farm operations; (b) increase internal sourcing of buffalo raw milk; and (c) improve the efficiency and quality of raw milk supply.

  (ii) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to install low-temperature dairy product lines at our Hunan Facility, to produce pasteurized milk and fermented dairy products.

  (iii) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to digitalize and upgrade our intelligent warehousing facilities in Lingshan, Guangxi. By deploying advanced software systems and intelligent automation, we intend to enhance data-driven management across warehousing, logistics and distribution and establish an integrated management system spanning inbound raw materials through finished product distribution, thereby improving throughput efficiency and inventory control. Specifically, we will (i) establish an intelligent warehouse management platform and dispatch system to enable real-time inventory visibility and improve order fulfillment efficiency; (ii) apply AI and IoT technologies to build a standardized warehousing operating framework, improving turnover efficiency and product handling quality; and (iii) develop a unified data platform to integrate operational data and enhance decision-making efficiency, thereby supporting scalable operations as we expand.

- Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to strengthen our brand positioning and marketing execution. Specifically:

  (i) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to strengthen digital marketing and improve conversion across social media channels. We plan to leverage KOLs and in-store displays to align product attributes with consumer demand, while integrating online and offline channels to improve consumer reach and engagement and drive conversion.

(ii) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to expand and upgrade our sales network. We plan to (a) establish marketing headquarter in Hangzhou and regional offices in Shanghai, Guangzhou, Nanning and Changsha and (b) recruit experienced marketing professionals, to strengthen channel management, enhance market responsiveness and support geographic expansion.

(iii) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to increase brand visibility through outdoor, community and building media advertising, thereby expanding our consumer reach.

(iv) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to enhance our brand awareness and brand recognition. We plan to engage brand ambassadors whose public image and values are consistent with our brand identity. By leveraging their positive influence and credibility, we aim to communicate our brand values more effectively, foster favorable consumer perceptions of our brand and further enhance our brand reputation.

- Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used to enhance our R&D capabilities, advance scientific research and accelerate product innovation. Specifically:

  (i) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used for R&D initiatives. We plan to (i) upgrade our R&D infrastructure and expand our R&D team to deepen research in buffalo milk applications and dairy nutrition; (ii) optimize product formulations and develop low-calorie, high-protein and functional dairy products to address evolving consumer preferences; and (iii) broaden our product portfolio, particularly within the low-temperature dairy products segment.

  (ii) Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used for digital transformation and systems upgrades. We plan to (a) enhance systems across farm management, production and sales functions and (b) leverage intelligent supply chain systems, data analytics and AI to improve operational efficiency and enable precision marketing, supporting our transition toward digitalized and scalable operations.

- Approximately [**REDACTED**], or HK$[**REDACTED**], of the net [**REDACTED**] will be used for working capital and other general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed below or above the mid-point of the indicative [**REDACTED**] range. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, which is the high end of our indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$ [**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per H Share, which is the low end of our indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**]. Any additional [**REDACTED**] received from the exercise of the [**REDACTED**] will also be allocated to the above purposes on a pro rata basis. In the event that the [**REDACTED**] is exercised in full, we will receive net [**REDACTED**] of HK$[**REDACTED**] (after deducting the estimated [**REDACTED**] and other fees and expenses paid and payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of our indicative [**REDACTED**] range).

To the extent that the net [**REDACTED**] are not immediately applied to the above purposes, we will only deposit the net [**REDACTED**] into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the applicable disclosure requirements under the Listing Rules.

[**REDACTED**]

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[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

The following is the text of a report, prepared for the purpose of incorporation in this [**REDACTED**]*, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.*

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong SAR

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGXI BAIFEI DAIRY CO., LTD. AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangxi Baifei Dairy Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-79, which comprises the consolidated statements of financial position as at December 31, 2023, 2024 and 2025 and March 31, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and March 31, 2026 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-79 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2023, 2024 and 2025 and March 31, 2026 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the three months ended March 31, 2025 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Certified Public Accountants
[●]
Practising Certificate Number: [●]
Hong Kong

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE. THE INFORMATION IN THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,									Three months ended March 31,					
		2023			2024			2025			2025			2026		
		Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustment	Biological assets fair value adjustments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*5*	1,072,378	–	1,072,378	1,421,040	–	1,421,040	1,613,606	–	1,613,606	337,644	–	337,644	492,547	–	492,547
Cost of sales		(687,185)	(10,981)	(698,166)	(851,744)	(25,787)	(877,531)	(1,003,705)	(111,272)	(1,114,977)	(219,882)	(10,819)	(230,701)	(311,695)	(33,493)	(345,188)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest	*20*	–	12,148	12,148	–	24,081	24,081	–	108,931	108,931	–	19,001	19,001	–	33,190	33,190
Gross profit		385,193	1,167	386,360	569,296	(1,706)	567,590	609,901	(2,341)	607,560	117,762	8,182	125,944	180,852	(303)	180,549
Gains/(losses) arising from changes in fair value less costs to sell of biological assets	*19*	–	5,518	5,518	–	13,220	13,220	–	(2,200)	(2,200)	–	(4,834)	(4,834)	–	3,302	3,302
Other income	*7*	5,296	–	5,296	8,649	–	8,649	18,454	–	18,454	4,202	–	4,202	1,623	–	1,623
Other gains or losses, net	*8*	(3,262)	(19)	(3,281)	(4,519)	(252)	(4,771)	(8,165)	(4,930)	(13,095)	(2,886)	(1,964)	(4,850)	(4,158)	(157)	(4,315)
Selling and distribution expenses		(107,391)	–	(107,391)	(193,458)	–	(193,458)	(280,687)	–	(280,687)	(52,168)	–	(52,168)	(103,653)	–	(103,653)
Administrative expenses		(45,720)	–	(45,720)	(70,595)	–	(70,595)	(88,567)	–	(88,567)	(14,129)	–	(14,129)	(19,307)	–	(19,307)
Research and development expenses		(4,569)	–	(4,569)	(8,213)	–	(8,213)	(9,107)	–	(9,107)	(1,094)	–	(1,094)	(661)	–	(661)
Finance costs	*9*	(228)	–	(228)	(120)	–	(120)	(521)	–	(521)	(71)	–	(71)	(247)	–	(247)
Profit before tax		229,319	6,666	235,985	301,040	11,262	312,302	241,308	(9,471)	231,837	51,616	1,384	53,000	54,449	2,842	57,291
Income tax (expense)/credit	*12*	(3,033)	–	(3,033)	(1,923)	–	(1,923)	2,956	–	2,956	(674)	–	(674)	(112)	–	(112)
Profit and total comprehensive income for the year/period	*10*	226,286	6,666	232,952	299,117	11,262	310,379	244,264	(9,471)	234,793	50,942	1,384	52,326	54,337	2,842	57,179
Profit for the year/period, excluding unrealized fair value gains/losses of biological assets	*10*			226,267			298,865			239,334			48,978			54,180
Profit/(loss) and total comprehensive income for the year/period attributable to:																
– Owners of the Company				232,952			305,154			236,287			55,151			55,736
– Non-controlling interests				–			5,225			(1,494)			(2,825)			1,443
				232,952			310,379			234,793			52,326			57,179
Earnings per share	*14*															
– Basic and diluted *(RMB)*				1.41			1.84			1.43			0.33			0.34

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	2024	2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	521,217	635,978	724,216	722,721
Right-of-use assets	*16*	152,326	156,676	177,036	174,017
Intangible assets	*17*	233	75	19	5
Biological assets	*20*	19,106	76,578	98,896	110,077
Deferred tax assets	*21*	1,945	3,362	8,630	9,966
Time deposits	*24*	–	30,000	–	–
Prepayments, deposits and other receivables	*23*	10,209	12,010	2,829	7,843
		705,036	914,679	1,011,626	1,024,629
CURRENT ASSETS					
Inventories	*25*	64,821	110,817	169,899	148,440
Biological assets	*20*	126	408	1,670	659
Trade receivables	*22*	16,519	20,483	43,290	71,485
Prepayments, deposits and other receivables	*23*	30,745	51,946	110,564	104,259
Tax recoverable		192	86	–	320
Financial assets at fair value through profit or loss ("**FVTPL**")	*19*	–	82,000	171,483	231,640
Time deposits	*24*	40,000	88,000	132,394	160,652
Restricted bank deposits	*24*	–	511	–	–
Cash and cash equivalents	*24*	222,723	286,474	291,006	126,322
		375,126	640,725	920,306	843,777
CURRENT LIABILITIES					
Trade payables	*26*	75,617	119,345	131,869	113,384
Other payables and accruals	*27*	19,954	33,292	44,858	31,313
Contract liabilities	*28*	26,808	83,920	145,058	58,074
Tax payables		564	103	2,065	1,554
Lease liabilities	*29*	115	440	902	2,133
Deferred income	*30*	502	502	502	502
		123,560	237,602	325,254	206,960
NET CURRENT ASSETS		251,566	403,123	595,052	636,817
TOTAL ASSETS LESS CURRENT LIABILITIES		956,602	1,317,802	1,606,678	1,661,446

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Lease liabilities	*29*	652	7,368	27,188	24,799
Deferred tax liabilities	*21*	–	307	177	144
Deferred income	*30*	4,097	3,775	6,507	6,620
		4,749	11,450	33,872	31,563
NET ASSETS		951,853	1,306,352	1,572,806	1,629,883
CAPITAL AND RESERVES					
Share capital	*31*	165,502	165,502	165,502	165,502
Reserves		786,351	1,094,872	1,331,171	1,386,907
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		951,853	1,260,374	1,496,673	1,552,409
Non-controlling interests		–	45,978	76,133	77,474
TOTAL EQUITY		951,853	1,306,352	1,572,806	1,629,883

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Owners of the Company							
	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	35,832	207,624	9,638	31,905	450,575	735,574	–	735,574
Profit and total comprehensive income for the year	–	–	–	–	232,952	232,952	–	232,952
Capitalization issue	129,670	(129,670)	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	3,353	–	–	3,353	–	3,353
Transfer to statutory reserve	–	–	–	24,623	(24,623)	–	–	–
Dividends recognized as distributions *(Note 13)*	–	–	–	–	(20,026)	(20,026)	–	(20,026)
As at December 31, 2023	**165,502**	**77,954**	**12,991**	**56,528**	**638,878**	**951,853**	**–**	**951,853**
As at January 1, 2024	165,502	77,954	12,991	56,528	638,878	951,853	–	951,853
Profit and total comprehensive income for the year	–	–	–	–	305,154	305,154	5,225	310,379
Capital injection from non-controlling shareholder	–	–	–	–	–	–	40,753	40,753
Recognition of equity-settled share-based payments	–	–	3,367	–	–	3,367	–	3,367
Transfer to statutory reserve	–	–	–	30,701	(30,701)	–	–	–
As at December 31, 2024	**165,502**	**77,954**	**16,358**	**87,229**	**913,331**	**1,260,374**	**45,978**	**1,306,352**
As at January 1, 2025	165,502	77,954	16,358	87,229	913,331	1,260,374	45,978	1,306,352
Profit and total comprehensive income for the year	–	–	–	–	236,287	236,287	(1,494)	234,793
Capital injection from non-controlling shareholder	–	–	–	–	–	–	31,820	31,820
Dividends payable to Non-controlling interests	–	–	–	–	–	–	(159)	(159)
Changes in ownership interest in a subsidiary without loss of control	–	12	–	–	–	12	(12)	–
As at December 31, 2025	**165,502**	**77,966**	**16,358**	**87,229**	**1,149,618**	**1,496,673**	**76,133**	**1,572,806**

	Equity Attributable to the Owners of the Company							
	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2026	165,502	77,966	16,358	87,229	1,149,618	1,496,673	76,133	1,572,806
Profit and total comprehensive income for the period	–	–	–	–	55,736	55,736	1,443	57,179
Dividends payable to Non-controlling interests	–	–	–	–	–	–	(18)	(18)
Others	–	–	–	–	–	–	(84)	(84)
As at March 31, 2026	**165,502**	**77,966**	**16,358**	**87,229**	**1,205,354**	**1,552,409**	**77,474**	**1,629,883**
As at January 1, 2025	165,502	77,954	16,358	87,229	913,331	1,260,374	45,978	1,306,352
Profit and total comprehensive income for the period	–	–	–	–	55,151	55,151	(2,825)	52,326
Capital injection from non-controlling shareholder	–	–	–	–	–	–	4,700	4,700
As at March 31, 2025 (unaudited)	**165,502**	**77,954**	**16,358**	**87,229**	**968,482**	**1,315,525**	**47,853**	**1,363,378**

Note:

As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiary is required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiary in accordance with the relevant laws and regulations applicable to the PRC enterprise. The appropriation may cease to apply if the balance of statutory surplus reserve has reached 50% of the PRC subsidiary's registered capital. The statutory surplus reserve fund can be used to makeup prior year losses, if any, and can be applied in conversion into capital by means of capitalization issue.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
OPERATING ACTIVITIES						
Profit before tax		235,985	312,302	231,837	53,000	57,291
Adjustments for:						
Finance costs	*9*	228	120	521	71	247
Bank interest income	*7*	(3,526)	(3,845)	(4,959)	(655)	(628)
(Gain)/loss on lease remeasurement	*8*	(71)	–	(51)	(27)	139
Fair value change on financial instruments at fair value through profit or loss	*8*	–	(337)	(3,216)	(1,013)	(1,000)
Loss on disposal of property, plant and equipment	*8*	746	–	1	–	412
Loss on disposal of biological assets	*8*	185	2,125	10,363	4,628	3,446
Depreciation of property, plant and equipment	*15*	24,242	35,509	52,284	12,386	14,513
Depreciation of right-of-use assets	*16*	3,991	4,289	5,292	1,177	1,654
Change in fair value less costs to sell of biological assets	*20*	(5,518)	(13,220)	2,200	4,834	(3,302)
Amortization of intangible assets	*17*	190	158	56	14	14
Impairment/(reversal) of trade receivables, net	*8*	825	208	1,244	188	1,530
Impairment/(reversal) of deposits and other receivables, net	*8*	484	286	861	353	(336)
Written off of inventories		236	4,635	1,583	585	2,561
Share-based payment expense	*33*	3,353	3,367	–	–	–
Operating cash flow before movements in working capital		261,350	345,597	298,016	75,541	76,541
Decrease/(increase) in inventories		49,312	(41,206)	(60,665)	2,698	18,898
Increase in trade receivables		(15,981)	(4,172)	(24,051)	(3,677)	(29,725)
Decrease/(increase) in other receivables, deposits and prepayment		41,596	(21,487)	(59,479)	(2,096)	6,641
Increase/(decrease) in trade payables		36,924	(2,541)	12,524	(20,928)	(18,485)
Increase/(decrease) in other payables and accruals		5,616	13,338	11,258	(14,634)	(13,545)
(Decrease)/increase in contract liabilities		(1,242)	57,112	61,138	(49,541)	(86,984)
(Decrease)/increase in deferred income		(353)	(322)	2,732	990	113
Cash generated from/(used in) operations		377,222	346,319	241,473	(11,647)	(46,546)
Income tax paid/(refund)		(2,959)	(3,388)	(394)	3,006	(2,312)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		374,263	342,931	241,079	(8,641)	(48,858)

	Notes	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
INVESTING ACTIVITIES						
Payment for purchases of property, plant and equipment		(203,498)	(143,500)	(131,345)	(22,150)	(24,513)
Payment for intangible assets		(170)	–	–	–	–
Payments of biological assets		(13,950)	(10,298)	(38,189)	(11,164)	(16,916)
Payments of right-of-use assets		–	(1,183)	(5,131)	–	–
Proceeds from disposal of property, plant and equipment		32	–	3	–	6,069
Proceeds from disposal of biological assets		51	202	2,046	655	6,602
Interest received		3,526	4,182	6,298	1,084	1,213
Placement of time deposits		(40,000)	(248,000)	(44,000)	(35,000)	(110,000)
Proceeds from maturity of time deposits		–	170,000	30,000	57,000	82,000
Decrease/(increase) in restricted cash		7,006	(511)	511	–	–
Purchases of financial assets at FVTPL		–	(107,000)	(250,000)	(120,000)	(100,000)
Proceeds from disposal of financial assets at FVTPL		–	25,000	162,000	62,000	40,000
Other investing inflows		–	510	–	–	–
NET CASH USED IN INVESTING ACTIVITIES		(247,003)	(310,598)	(267,807)	(67,575)	(115,545)
FINANCING ACTIVITIES						
Repayment of bank borrowings		(10,000)	–	–	–	–
Dividends paid to shareholders		(20,026)	–	–	–	–
Repayment of lease liabilities		–	(415)	(139)	(67)	(167)
Interest paid		(185)	(120)	(262)	(71)	(12)
Capital injection by a non-controlling equity holder		–	31,953	31,820	4,700	–
Other financing outflows		–	–	(159)	–	(102)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(30,211)	31,418	31,260	4,562	(281)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		97,049	63,751	4,532	(71,654)	(164,684)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		125,674	222,723	286,474	286,474	291,006
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD		222,723	286,474	291,006	214,820	126,322

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	207,473	242,963	290,573	278,042
Right-of-use assets	*16*	29,953	29,545	28,356	28,052
Interests in subsidiaries	*41*	451,860	584,940	641,920	643,840
Deferred tax assets	*21*	3,074	6,022	9,437	11,352
Prepayments, deposits and other receivables	*23*	3,925	8,666	2,197	4,173
		696,285	872,136	972,483	965,459
CURRENT ASSETS					
Inventories	*25*	46,886	53,987	74,542	56,881
Trade receivables	*22*	15,732	18,560	30,665	48,163
Prepayments, deposits and other receivables	*23*	13,752	13,646	36,896	27,053
Amounts due from subsidiaries	*41*	145,274	368,468	624,613	729,662
Time deposits	*24*	40,000	–	–	–
Cash and cash equivalents	*24*	162,714	165,644	98,334	26,243
		424,358	620,305	865,050	888,002
CURRENT LIABILITIES					
Trade payables	*26*	60,025	73,047	80,523	70,343
Other payables and accruals	*27*	12,883	20,191	23,047	16,782
Contract liabilities	*28*	15,125	48,697	64,833	32,457
Tax payables		564	–	1,499	1,519
Amounts due to subsidiaries	*41*	–	8,212	92,683	89,335
Lease liabilities	*29*	–	150	84	–
Deferred income	*30*	502	502	502	502
		89,099	150,799	263,171	210,938
NET CURRENT ASSETS		335,259	469,506	601,879	677,064
TOTAL ASSETS LESS CURRENT LIABILITIES		1,031,544	1,341,642	1,574,362	1,642,523

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Lease liabilities	*29*	–	155	–	–
Deferred tax liabilities	*21*	–	66	27	13
Deferred income	*30*	4,097	3,595	5,327	5,452
		4,097	3,816	5,354	5,465
NET ASSETS		1,027,447	1,337,826	1,569,008	1,637,058
CAPITAL AND RESERVES					
Share capital	*31*	165,502	165,502	165,502	165,502
Reserves		861,945	1,172,324	1,403,506	1,471,556
TOTAL EQUITY		1,027,447	1,337,826	1,569,008	1,637,058

II. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION

Guangxi Baifei Dairy Co., Ltd. (the "**Company**") is a company incorporated in the People's Republic of China (the "**PRC**") under the PRC Company Law as a limited liability company on December 27, 2017 and was converted in a joint stock limited liability company on December 31, 2019. The Company's registered office and principal place of business are located at Shili Industrial Park, Sanhai Subdistrict, Lingshan County, Qinzhou City, Guangxi Zhuang Autonomous Region, PRC.

Guangxi Baifei Investment Co., Ltd. 廣西百菲投資股份有限公司 is our parent company and Mr. Wu Shouyun 吳守允 and Mr. Wu Lianqiao 吳聯僑 are the ultimate controlling party.

The Group is principally engaged in the research, production, and sales of dairy products and milk-based beverages. Its core business activities include the processing of buffalo milk and cow milk into sterilized milk, flavored milk, fermented dairy products, pasteurized milk, and milk drinks. The activities of its principal subsidiaries are set out in Note 41.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to the "**Group**") are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRS Accounting Standards as issued by the International Accounting Standards Boards ("**IASB**") which are effective for the Group's annual accounting period beginning on January 1, 2026 through the Track Record Period.

New and Amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor its Associate or Joint Venture[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 20	Regulatory Assets and Liabilities[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IAS 28	Fair value option for investments in associates and joint ventures[2]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after January 1, 2027.
[3] Effective for annual period beginning on or after January 1, 2029.

The directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of Historical Financial Information

The Historical Financial Information have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a standalone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or services by another party. In this case, the Group does not control the specified good or service provided by another party before that goods or service are transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Variable consideration

For contracts that contain variable consideration such as sales rebates, the Group estimates the amount of consideration to which it will be entitled using the expected value method/the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Refund liabilities

The Group recognizes a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognizes all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognized for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Business combinations or asset acquisition

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") except for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC-Int 21 Levies, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

(a) deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 Employee Benefits respectively;

(b) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;

(c) assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

(d) lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (which cannot exceed one year from the acquisition date), and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), Property, plant and equipment are stated in the consolidated statement of financial position at cost or deemed cost for properties transferred from investment properties, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Biological assets

The Group's biological assets comprise milkable cows/buffaloes, heifers, calves, breeding bulls and young male cattle, are measured on initial recognition and at the end of each of the reporting periods at their fair values less costs to sell, with any resulting gain or loss recognized in the profit or loss for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs, excluding finance costs and income taxes. The fair values of dairy cows are determined based on their present location and condition and is determined independently by professional valuers.

The feeding costs and other related costs including staff costs, utility costs and consumables incurred for raising of heifers and calves are capitalized, until such time as the heifers and calves begin to produce milk.

Agricultural produce

Agricultural produce represents raw milk. Raw milk is recognized at the point of harvest at its fair value less costs to sell. A gain or loss arising from agricultural produce at the point of harvest measuring at fair value less costs to sell is included in profit or loss for the period in which it arises.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or group of units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if applicable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 24.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit-risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables and part of other receivables, restricted bank deposits, cash and cash equivalents and time deposit) and other items (Financial assets at FVTPL) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Default has been considered occurred when the instrument is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables companies where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities (including trade and other payables and lease liabilities) are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any assets, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits or losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be recognized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary difference associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recognized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income."

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

Share-based payment

Equity-settled share-based payment transactions

Share awards granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to capital reserve.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of various offices, warehouses, equipment and vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include:

- fixed payments less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees.
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are included in the total lease payments using the index or rate as at the commencement date. Variable lease payments that do not depend on an index or a rate are excluded and are recognized as income when they are earned. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognized in profit or loss in the period in which the event or condition that triggers those payments to occur.

Related parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

  (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the reporting period in which the estimate is revised if the revision affects only that reporting period, or in the reporting period of the revision and future reporting periods if the revision affects both current and future reporting periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of biological assets

Biological assets are measured at fair value less costs to sell at the end of each reporting period. The determination of fair value requires management to apply significant judgement and estimation in selecting the appropriate valuation technique and in determining the key inputs and assumptions, including, where applicable, the age profile of the herd, expected productivity, milk yield, mortality rate, culling rate, expected market prices, estimated costs to sell and, where a discounted cash flow approach is used, the applicable discount rate.

Given the nature of the valuation, changes in the assumptions adopted may lead to material changes in the fair value of biological assets and the related fair value gains or losses recognized in profit or loss. The carrying amounts of biological assets and the related valuation disclosures are set out in Note 20.

Provision of expected credit loss for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for expected credit loss individually. In addition, the Group uses practical expedient in estimating expected credit loss on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The information about the expected credit loss and the Group's trade receivables are disclosed in Note 38(c).

5. REVENUE

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods					
Sterilized milk	831,747	1,087,477	1,207,617	258,865	357,131
Formulated milk	221,449	302,298	333,332	66,060	101,441
Pasteurized milk	3,427	15,659	40,858	7,495	12,924
Milk-containing beverages	12,715	13,607	15,342	3,139	2,444
Fermented dairy products	1,779	1,005	5,655	1,029	1,339
Other products *(note)*	1,261	994	10,802	1,056	17,268
Total	1,072,378	1,421,040	1,613,606	337,644	492,547

Note: Primarily included Bird's Nest Buffalo Milk and Buffalo Milk Ice Cream products.

Revenue from operations by sales channel

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales channel					
Offline distributors	711,277	792,680	777,582	182,205	205,967
Online distributors	–	8,177	25,605	6,644	5,114
Retailers	152,615	324,821	435,774	78,733	140,883
Direct-to-consumer ("**DTC**") *(note)*	208,486	295,362	374,645	70,062	140,583
Total	1,072,378	1,421,040	1,613,606	337,644	492,547

Note: Included online self-operated stores and offline direct sales.

Timing of revenue recognition

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Timing of revenue recognition					
At a point in time	1,072,378	1,421,040	1,613,606	337,644	492,547

Performance obligations for contracts with customers and revenue recognition Policies.

Transaction price allocated to the remaining performance obligation for contracts with customers. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining obligations under the contracts as all contract works have an original expected duration of one year or less.

Sale of goods

Sales contracts between the Group and its customers generally contain only a single performance obligation: the transfer of goods. The Group typically assesses the point at which this performance obligation is satisfied by considering the following factors collectively: the establishment of a present right to payment for the

goods, the transfer of significant risks and rewards of ownership of the goods, the transfer of legal title, the physical transfer of the goods, and customer acceptance.

The Group recognizes revenue from the following sources:

(1) Distributors

For offline and online distribution sales transactions, revenue is recognized upon delivery of goods to the customer and the establishment of unconditional payment rights. The Group requests advance payments for majority of the distributors and such advance payments are recorded as contract liabilities until the control of the goods is transferred to the customers.

(2) Retailers

With respect to the sales of diary products to retailers, the revenue is recognized when the customer receives the goods and the right to receive payment is obtained, the credit term is normally one to three months for certain large customers and customers having long business relationship with the Group. Payments are generally settled on an agreed credit-period basis after delivery and warehouse acceptance.

(3) DTC

With respect to the sales online self-operated stores, the revenue is recognized when the customer receives the goods and the right to receive payment is obtained. Under the warehouse fulfillment model, revenue is recorded based on the issuance of authenticated settlement statements by the e-commerce platform, which serve as conclusive evidence of completed transactions.

6. SEGMENTS

The Group currently operates in one business segment in the business of production and sale of dairy products, primarily including sterilized milk, formulated milk, pasteurised milk, and milk-containing beverages in PRC. Information reported to the Group's management for resource allocation and performance assessment focuses on the Group's operating results as a whole, given that the Group's resources are integrated. Accordingly, no other discrete financial information is provided other than the Group's results and financial as a whole.

Non-current assets are located in PRC as at December 31, 2023, 2024 and 2025 and March 31, 2026.

Information about major customers:

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, no single customer contributed 10% or more to the Group's revenue.

7. OTHER INCOME

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income from bank balances and time deposits	3,526	3,845	4,959	655	628
Extra deduction of input VAT	9	97	75	10	21
Government grants *(note (a))*	1,174	3,749	12,866	3,335	809
Rental income	545	11	30	–	54
Sundry income	42	947	524	202	111
	5,296	8,649	18,454	4,202	1,623

Notes:

(a) For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, income of approximately RMB820,000, RMB3,247,000, RMB12,364,000, RMB3,210,000 (unaudited) and RMB684,000 respectively represent the subsidies from the relevant government authorities mainly for the purpose of motivating the business development of the Group. The subsidies received are in substance a kind of immediate financial support to the Group with no future related costs and are recognized as income when the subsidies are received. There were no unfulfilled conditions for all the government grants in the years in which they were recognized.

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, income of approximately RMB354,000, RMB502,000, RMB502,000, RMB125,000 (unaudited) and RMB125,000 respectively represents the grants from the relevant government authorities for funding the purchase of certain non-current assets. The government grants received are recognized in profit or loss over the useful lives of the relevant non-current assets.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Scraps expenses *(note (a))*	(911)	(2,432)	(3,837)	(721)	(27)
Gain on lease remeasurement	71	–	51	27	(139)
Loss on disposal of biological assets	(185)	(2,125)	(10,363)	(4,628)	(3,446)
Loss on disposal of property, plant and equipment	(746)	–	(1)	–	(412)
Impairment losses under ECL model, net of reversal					
– Trade receivables	(825)	(208)	(1,244)	(188)	(1,530)
– Other receivables	(484)	(286)	(861)	(353)	336
Fair value change on financial assets at fair value through profit or loss	–	337	3,216	1,013	1,000
Others	(201)	(57)	(56)	–	(97)
	(3,281)	(4,771)	(13,095)	(4,850)	(4,315)

Note:

(a) During the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, the Group recognized net loss of approximately RMB911,000 RMB2,432,000, RMB3,837,000, RMB721,000 (unaudited) and RMB27,000, from sales of used packaging and ancillary materials respectively. The Group incurred costs related to scraps, while sales proceeds were lower, resulting in a net loss.

9. FINANCE COSTS

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on:					
– Bank borrowings	185	–	–	–	–
– Lease liabilities	43	120	521	71	247
	228	120	521	71	247

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging/(crediting):

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation of property, plant and equipment	24,242	35,509	52,284	12,386	14,513
Depreciation of right-of-use assets	3,991	4,289	5,292	1,177	1,654
Amortization of intangible assets	190	158	56	14	14
Total depreciation and amortization	28,423	39,956	57,632	13,577	16,181
Capitalized in inventories	(13,732)	(22,792)	(32,439)	(7,534)	(9,066)
	14,691	17,164	25,193	6,043	7,115
Auditors ' remuneration	1,168	2,516	3,423	503	503
Cost of inventories recognized as expenses	635,841	784,342	1,008,849	212,165	306,410
Directors' and supervisors' remuneration *(Note 11)*	3,469	3,279	3,090	634	366
Other staff costs:					
– Salaries, allowances and other benefits	77,551	101,323	134,474	39,815	40,089
– Retirement benefit scheme contribution	5,563	6,753	9,290	2,793	2,810
– Equity-settled share-based payments	2,509	3,278	–	–	–
Total staff costs	89,092	114,633	146,854	43,242	43,265
Less: Capitalized in biological assets	(459)	(1,400)	(4,868)	(1,291)	(1,438)
	88,633	113,233	141,986	41,951	41,827

An analysis of the Group's results before biological assets fair value adjustments during the Track Record Period is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year after biological assets fair value adjustments	232,952	310,379	234,793	52,326	57,179
(Gain)/loss arising from changes in unrealized fair value less costs to sell of biological assets	(6,685)	(11,514)	4,541	(3,348)	(2,999)
Profit for the year, excluding unrealized fair value gains/losses of biological assets	226,267	298,865	239,334	48,978	54,180

11. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEE EMOLUMENTS

a. Directors' emoluments

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023						
Executive director:						
Mr. Wu Shouyun 吳守允 *((note (a))*	–	402	36	140	9	587
Non-executive Directors:						
Mr. Chen Shaobing 陳少兵*(note (b))*	–	250	18	96	–	364
Mr. Wu Lianqiao 吳聯僑	–	82	9	–	–	91
Mr. Ye Yandeng 葉燕燈	–	393	36	140	–	569
Mr. Zheng Youze 鄭有澤 *(note (c))*	–	105	13	33	–	151
Ms. Zeng Yaoyao 曾瑤瑤 *(note (d))*	–	87	10	–	787	884
Independent non-executive directors:						
Mr. Lei Yuchun 雷裕春 *(note (e))*	–	22	–	–	–	22
Mr. Li Chunyou 李春友 *((note (f))*	–	22	–	–	–	22
Ms. Li Jing 李靜 *(note (g))*	–	–	–	–	–	–
Sub-total	–	1,363	122	409	796	2,690

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024						
Executive director:						
Mr. Wu Shouyun 吳守允	–	545	29	140	56	770
Non-executive Directors:						
Mr. Chen Shaobing 陳少兵	–	461	39	140	–	640
Mr. Wu Lianqiao 吳聯僑	–	82	9	–	–	91
Mr. Ye Yandeng 葉燕燈	–	399	39	140	–	578
Independent non-executive directors:						
Mr. Lei Yuchun 雷裕春	–	71	–	–	–	71
Mr. Li Chunyou 李春友	–	71	–	–	–	71
Ms. Li Jing 李靜	–	–	–	–	–	–
Sub-total	–	1,629	116	420	56	2,221

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2025						
Executive director:						
Mr. Wu Shouyun 吳守允	–	512	–	140	–	652
Non-executive Directors:						
Mr. Chen Shaobing 陳少兵	–	477	39	140	–	656
Mr. Wu Lianqiao 吳聯僑	–	98	9	–	–	107
Mr. Ye Yandeng 葉燕燈 *(note (i))*	–	430	39	140	–	609
Ms. Shang Xinwen 商馨文 *(note (h))*	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Lei Yuchun 雷裕春	–	71	–	–	–	71
Mr. Li Chunyou 李春友	–	71	–	–	–	71
Ms. Li Jing 李靜	–	–	–	–	–	–
Sub-total	–	1,659	87	420	–	2,166

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the three months ended March 31, 2025 (unaudited)						
Executive director:						
Mr. Wu Shouyun 吳守允	–	134	–	–	–	134
Non-executive Directors:						
Mr. Chen Shaobing 陳少兵	–	109	10	–	–	119
Mr. Wu Lianqiao 吳聯僑	–	24	2	–	–	26
Mr. Ye Yandeng 葉燕燈	–	115	10	–	–	125
Independent non-executive directors:						
Mr. Lei Yuchun 雷裕春	–	18	–	–	–	18
Mr. Li Chunyou 李春友	–	18	–	–	–	18
Ms. Li Jing 李靜	–	–	–	–	–	–
Sub-total	–	418	22	–	–	440

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the three months ended March 31, 2026						
Executive director:						
Mr. Wu Shouyun 吳守允	–	102	–	–	–	102
Non-executive Directors:						
Mr. Chen Shaobing 陳少兵	–	107	10	–	–	117
Mr. Wu Lianqiao 吳聯僑	–	32	9	–	–	41
Ms. Shang Xinwen 商馨文	–	60	10	–	–	70
Independent non-executive directors:						
Mr. Lei Yuchun 雷裕春	–	18	–	–	–	18
Mr. Li Chunyou 李春友	–	18	–	–	–	18
Ms. Li Jing 李靜	–	–	–	–	–	–
Sub-total	–	337	29	–	–	366

Notes:

(a) Mr. Wu Shouyun吳守允 is the Chairman of the Group.

(b) Mr. Chen Shaobing陳少兵 was appointed as non-executive director on November 27, 2023.

(c) Mr. Zheng Youze鄭有澤 resigned as non-executive director on November 3, 2023.

(d) Ms. Zeng Yaoyao曾瑤瑤 resigned as non-executive director on September 1, 2023.

(e) Mr. Lei Yuchun雷裕春 was appointed as independent non-executive director on September 1, 2023.

(f) Mr. Li Chunyou李春友 was appointed as independent non-executive director on September 1, 2023.

(g) Ms. Li Jing李靜 was appointed as independent non-executive director on September 1, 2023.

(h) Ms. Shang Xinwen商馨文 was appointed as employee representative director on December 29, 2025.

(i) Mr. Ye Yandeng葉燕燈 resigned as non-executive director on December 29, 2025.

During the Track Record Period, no remuneration was paid by the Group to, or receivable by, the Directors, former Directors, former Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company.

No compensation was paid by the Group to, or receivable by, the Directors, former Directors, former Supervisors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of the Group. Furthermore, none of the Directors, former Directors, or former Supervisors had waived or agreed to waive any emoluments during the same periods.

b. Supervisors

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023						
Supervisors:						
Mr. Huang Qiang 黃強 *(Note (a)*	–	123	24	40	15	202
Mr. Lao Shaojian 勞紹堅 *(Note (b))*	–	36	5	6	33	80
Mr. Li Hai 李海	–	225	36	100	–	361
Ms. Shang Xinwen 商馨文	–	109	12	15	–	136
Sub-total	–	493	77	161	48	779

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024						
Supervisors:						
Mr. Lao Shaojian 勞紹堅	–	113	16	15	33	177
Mr. Li Hai 李海	–	250	39	100	–	389
Ms. Shang Xinwen 商馨文	–	373	39	80	–	492
Sub-total	–	736	94	195	33	1,058

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2025						
Supervisors:						
Mr. Lao Shaojian 勞紹堅 *(Note (c))*	–	119	16	20	–	155
Mr. Li Hai 李海 *(Note (c))*	–	262	39	100	–	401
Ms. Shang Xinwen 商馨文 *(Note (c))*	–	249	39	80	–	368
Sub-total	–	630	94	200	–	924

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Equity-Settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the three months ended March 31, 2025 (unaudited)						
Supervisors:						
Mr. Lao Shaojian 勞紹堅	–	30	4	–	–	34
Mr. Li Hai 李海	–	80	10	–	–	90
Ms. Shang Xinwen 商馨文	–	60	10	–	–	70
Total	–	170	24	–	–	194

Notes:

(a) Mr. Huang Qiang黃強 resigned as supervisor on September 26, 2023.

(b) Mr. Lao Shaojian勞紹堅 was appointed as supervisor on September 1, 2023.

(c) On December 29, 2025, the company held the 2025 Resolutions of the 2nd Extraordinary General Meeting of shareholders, at which the proposal "On the Cancellation of the Board of Supervisors, the Revision of the Articles of Association and Relevant Rules of Procedure" was reviewed and adopted. The company will no longer establish a Board of Supervisors, and the functions and powers of the Board of Supervisors shall be exercised by the Audit Committee of the Board of Directors. The "Rules of Procedure for the Board of Supervisors" shall be repealed accordingly. Mr. Lao Shaojian 勞紹堅, Ms. Shang Xinwen 商馨文 and Mr. Li Hai 李海, supervisors of the Second Session of the Board of Supervisors, have been relieved of their positions as supervisors.

c. Five highest paid individuals

None of the five highest paid individuals received any compensation for loss of office in connection with the management of the affairs of any member of the Group or as inducement to join the Company during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026.

The five highest paid employees included 0 directors, 2 directors, 0 directors, 0 directors (unaudited) and 0 directors, for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 respectively, details of whose remuneration are set out in note (a) above. Details of the remuneration for the year of the remaining 5, 3, 5, 5 (unaudited) and 5 highest paid non-director employees for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 respectively who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and other benefits	5,086	4,688	6,702	1,572	1,224
Discretionary performance related bonus *(note)*	708	672	706	–	–
Retirement benefits scheme contributions	45	38	61	16	38
	5,839	5,398	7,469	1,588	1,262

Note:

The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The number of the highest paid employees who are not the directors, supervisors or chief executive of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees* (unaudited)	*No. of employees*
Nil to HKD1,000,000	3	1	2	5	5
HKD1,000,001 to HKD1,500,000	–	–	–	–	–
HKD1,500,001 to HKD2,000,000	2	–	1	–	–
HKD2,000,001 to HKD2,500,000	–	1	2	–	–
HKD2,500,001 to HKD3,000,000	–	1	–	–	–
	5	3	5	5	5

12. INCOME TAX EXPENSE/(CREDIT)

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax:					
PRC Enterprise Income Tax	2,828	3,033	2,442	32	1,481
Deferred tax *(Note 21)*	205	(1,110)	(5,398)	642	(1,369)
	3,033	1,923	(2,956)	674	112

No provision of Hong Kong Profits Tax was made in the Historical Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

The expense substantially represents PRC Enterprise Income Tax for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities is 25% for the Track Record Period.

In compliance with the Announcement [2023] No.6 and Announcement [2023] No.12 of the Ministry of Finance and the State Taxation Administration on Preferential Corporate Income Tax Policies for Small and Low-Profit Enterprises and Individual Businesses, eligible small and low-profit enterprises within the Group are entitled to reduced corporate income tax liabilities for the period from January 1, 2023 to December 31, 2027. For the portion of annual taxable income not exceeding RMB3 million, the applicable tax is calculated at 25% of the taxable income amount and is then subject to a 20% tax rate.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to Article 27, Item 1 of the Enterprise Income Tax Law of the PRC and Article 86 of its Implementation Regulations, enterprises are exempt from Enterprise Income Tax ("EIT") for income derived from livestock breeding and the primary processing of agricultural products. Accordingly, the wholly-owned subsidiaries of the Company engaged in livestock breeding activities are entitled to the EIT exemption policy. Furthermore, pursuant to the Circular on Issuing the Scope of Primary Processing of Agricultural Products Entitled to Preferential Enterprise Income Tax Policies (Trial) (Cai Shui [2008] No. 149), the income derived by the Company from the production and sale of pasteurized milk and sterilized milk is classified as income from the primary processing of agricultural products and is likewise exempt from EIT.

Pursuant to the relevant laws and regulations, including the Announcement on the Continuation of the Enterprise Income Tax Policy for the Western Region Development (Announcement [2020] No. 23) and the Circular on Tax Policies for In-depth Implementation of the Western Region Development Strategy (Cai Shui [2011] No. 58), the Company and its subsidiaries located in the western regions are entitled to a preferential EIT rate of 15% from January 1, 2021 to December 31, 2030.

Furthermore, under the policies promoting the development of the Guangxi Beibu Gulf Economic Zone (e.g., Gui Zheng Fa [2014] No. 5 and Gui Zheng Fa [2020] No. 42), the Company is entitled to an exemption from the local retained portion of the EIT for the first five years and a 50% reduction for the sixth and seventh years, starting from the tax year in which the first principal operating revenue is generated. During the Track Record Period, the Company enjoyed the EIT exemption on the local retained portion for the year ended December 31, 2023 and a 50% reduction on the local retained portion for the years ended December 31, 2024 and 2025.

Income tax expense/(credit) for the year/period can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	235,985	312,302	231,837	53,000	57,291
Tax at PRC EIT rate of 25%	58,996	78,076	57,959	13,250	14,323
Effect of tax concessionary rates granted to the PRC subsidiaries	(25,252)	(31,254)	(25,243)	(6,191)	(7,369)
Tax effect of non-taxable income	(1,667)	(2,815)	(374)	(146)	(756)
Tax effect of non-deductible expenses	2,674	3,487	6,596	611	1,198
Additional deduction of research and development expenses and other qualified expenditures	(1,095)	(1,400)	(1,362)	(124)	(122)
Tax effect of tax incentives/concessions	(37,215)	(47,969)	(40,518)	(8,219)	(11,982)
Tax losses utilized from previous periods	(1,167)	(9,024)	(14,686)	(1,027)	(1,262)
Tax effect of tax losses not recognized	7,759	12,822	14,672	2,520	6,082
	3,033	1,923	(2,956)	674	112

13. DIVIDENDS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Dividend for ordinary shareholders of the Company	20,026	–	–	–	–

On August 16, 2023, the Company declared a cash dividend of RMB1.21 per 10 shares (including tax) in respect of the year ended December 31, 2022. The proposed dividend was approved on September 1, 2023, and an aggregate amount of approximately RMB20,026,000 was paid on September 27, 2023.

On April 27, 2026, the Company declared a cash dividend of RMB3.63 per 10 shares (including tax) in respect of the year ended December 31, 2025. The proposed dividend was approved on May 18, 2026, and an aggregate amount of approximately RMB60,077,000 was paid on June 8 ,2026.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

No diluted earnings per share for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 as there were no potential ordinary shares in issue during the Track Record Period.

The calculation of the basic and diluted earnings per share on the following data:

Earnings figures are calculated as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period attributable to owners of the Company	232,952	305,154	236,287	55,151	55,736

Number of shares

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*'000* (unaudited)	*'000*
Weighted average number of ordinary shares in issue	165,502*	165,502	165,502	165,502	165,502

* The weighted average number of ordinary shares for purpose of basic and diluted earning per share has been adjusted for the capitalization issue on June 12, 2023. For the details of the capitalization issue, please refer to Note 31.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Office and electronic equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
As at January 1, 2023	88,801	136,006	742	5,199	–	138,138	368,886
Additions	45,187	9,105	51	546	–	158,020	212,909
Transfer from construction in progress	106,081	39,597	896	–	–	(146,574)	–
Disposals/write-off	–	(610)	–	–	–	(535)	(1,145)
As at December 31, 2023 and January 1, 2024	240,069	184,098	1,689	5,745	–	149,049	580,650
Additions	25,668	11,932	429	1,057	2,489	100,124	141,699
Acquisition of assets	–	–	–	–	–	8,571	8,571
Transfer from construction in progress	181,949	60,437	56	–	–	(242,442)	–
As at December 31, 2024 and January 1, 2025	447,686	256,467	2,174	6,802	2,489	15,302	730,920
Additions	803	28,046	1,120	3,330	717	106,510	140,526
Transfer from construction in progress	33,286	44,618	–	–	–	(77,904)	–
Disposals/write-off	–	(7)	–	–	–	–	(7)
As at December 31, 2025 and January 1, 2026	481,775	329,124	3,294	10,132	3,206	43,908	871,439
Additions	356	2,119	663	249	4	16,108	19,499
Transfer from construction in progress	358	432	–	–	–	(790)	–
Disposals/write-off	–	(8,684)	–	–	–	(412)	(9,096)
As at March 31, 2026	482,489	322,991	3,957	10,381	3,210	58,814	881,842
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at January 1, 2023	8,725	24,084	337	2,412	–	–	35,558
Depreciation charge	7,346	15,459	224	1,213	–	–	24,242
Eliminated on disposals	–	(367)	–	–	–	–	(367)
As at December 31, 2023 and January 1, 2024	16,071	39,176	561	3,625	–	–	59,433
Depreciation charge	13,448	20,469	482	986	124	–	35,509
As at December 31, 2024 and January 1, 2025	29,519	59,645	1,043	4,611	124	–	94,942
Depreciation charge	22,284	27,568	574	1,361	497	–	52,284
Eliminated on disposals	–	(3)	–	–	–	–	(3)
As at December 31, 2025 and January 1, 2026	51,803	87,210	1,617	5,972	621	–	147,223
Depreciation charge	5,855	7,973	205	355	125	–	14,513
Eliminated on disposals	–	(2,615)	–	–	–	–	(2,615)
As at March 31, 2026	57,658	92,568	1,822	6,327	746	–	159,121
CARRYING AMOUNT							
As at December 31, 2023	223,998	144,922	1,128	2,120	–	149,049	521,217
As at December 31, 2024	418,167	196,822	1,131	2,191	2,365	15,302	635,978
As at December 31, 2025	429,972	241,914	1,677	4,160	2,585	43,908	724,216
As at March 31, 2026	424,831	230,423	2,135	4,054	2,464	58,814	722,721

The Company

	Buildings	Machinery and equipment	Office and electronic equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
As at January 1, 2023	10,416	54,660	287	4,606	64,757	134,726
Additions	40,934	8,520	22	546	53,719	103,741
Transfer from construction in progress	33,795	31,833	896	–	(66,524)	–
Disposals/write-off	–	(610)	–	–	–	(610)
As at December 31, 2023 and January 1, 2024	85,145	94,403	1,205	5,152	51,952	237,857
Additions	25,431	10,624	136	653	16,187	53,031
Transfer from construction in progress	35,053	19,265	–	–	(54,318)	–
As at December 31, 2024 and January 1, 2025	145,629	124,292	1,341	5,805	13,821	290,888
Additions	45	23,504	64	136	46,779	70,528
Transfer from construction in progress	19,853	40,747	–	–	(60,600)	–
As at December 31, 2025 and January 1, 2026	165,527	188,543	1,405	5,941	–	361,416
Additions	–	318	–	–	–	318
Disposals/write-off	–	(8,684)	–	–	–	(8,684)
As at March 31, 2026	165,527	180,177	1,405	5,941	–	353,050
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
As at January 1, 2023	3,263	13,951	160	2,188	–	19,562
Depreciation charge	2,657	7,384	76	1,072	–	11,189
Eliminated on disposals	–	(367)	–	–	–	(367)
As at December 31, 2023 and January 1, 2024	5,920	20,968	236	3,260	–	30,384
Depreciation charge	5,505	10,855	349	832	–	17,541
As at December 31, 2024 and January 1, 2025	11,425	31,823	585	4,092	–	47,925
Depreciation charge	7,806	14,143	349	620	–	22,918
As at December 31, 2025 and January 1, 2026	19,231	45,966	934	4,712	–	70,843
Depreciation charge	2,075	4,480	89	136	–	6,780
Eliminated on disposals	–	(2,615)	–	–	–	(2,615)
As at March 31, 2026	21,306	47,831	1,023	4,848	–	75,008
CARRYING AMOUNT						
As at December 31, 2023	79,225	73,435	969	1,892	51,952	207,473
As at December 31, 2024	134,204	92,469	756	1,713	13,821	242,963
As at December 31, 2025	146,296	142,577	471	1,229	–	290,573
As at March 31, 2026	144,221	132,346	382	1,093	–	278,042

The Group's property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis over the period at the rates per annum as follows:

Buildings	10-40 years
Machinery and equipment	5-10 years
Office and electronic equipment	3-5 years
Motor vehicles	3-5 years
Leasehold improvement	Over the lease term

16. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING AMOUNT			
At January 1, 2023	156,176	1,286	157,462
Depreciation charge	(3,850)	(141)	(3,991)
Lease remeasurement	–	(1,145)	(1,145)
At December 31, 2023 and January 1, 2024	152,326	–	152,326
Additions	6,853	1,786	8,639
Depreciation charge	(3,907)	(382)	(4,289)
At December 31, 2024 and January 1, 2025	155,272	1,404	156,676
Additions	25,948	–	25,948
Depreciation charge	(4,827)	(465)	(5,292)
Lease remeasurement	–	(296)	(296)
At December 31, 2025 and January 1, 2026	176,393	643	177,036
Depreciation charge	(1,530)	(124)	(1,654)
Lease remeasurement	(1,285)	(80)	(1,365)
At March 31, 2026	173,578	439	174,017

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Expenses relating to short-term leases	233	674	1,010	294	317
Total cash outflow for leases	223	2.392	6,542	432	496

16. RIGHT-OF-USE ASSETS

The Company

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING AMOUNT			
At January 1, 2023	30,799	1,286	32,085
Depreciation charge	(846)	(141)	(987)
Lease remeasurement	–	(1,145)	(1,145)
At December 31, 2023 and January 1, 2024	29,953	–	29,953
Additions	–	462	462
Depreciation charge	(845)	(25)	(870)
At December 31, 2024 and January 1, 2025	29,108	437	29,545
Additions	–	–	–
Depreciation charge	(844)	(221)	(1,065)
Lease remeasurement	–	(124)	(124)
At December 31, 2025 and January 1, 2026	28,264	92	28,356
Depreciation charge	(212)	(12)	(224)
Lease remeasurement	–	(80)	(80)
At March 31, 2026	28,052	–	28,052

During the Track Record Period, the leasehold lands of the Group represented the lease payment for lands located in the PRC with the fixed period of 8 years to 50 years. The remaining lease term is 1 years to 45 years as at March 31, 2026.

The Group leases various leasehold buildings for its operations. Lease contracts are entered into for fixed term of not more than 3 years, but may have extension and termination options. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for certain properties. As at December 31, 2023, 2024 and 2025 and March 31, 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

The Group's lease agreements do not contain any variable lease payments nor any extension or purchase option for lessee.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Restrictions or covenants on leases

In addition, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The management conducted impairment assessment on relevant right-of-use assets and no impairment has been recognized.

17. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
COST	
As at January 1, 2023	455
Additions	170
As at December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025, December 31, 2025, January 1,2026 and March 31, 2026	625
ACCUMULATED AMORTIZATION	
As at January 1, 2023	202
Amortization charge	190
As at December 31, 2023 and January 1, 2024	392
Amortization charge	158
As at December 31, 2024 and January 1, 2025	550
Amortization charge	56
As at December 31, 2025 and January 1, 2026	606
Amortization charge	14
As at March 31, 2026	620
CARRYING AMOUNT	
As at December 31, 2023	233
As at December 31, 2024	75
As at December 31, 2025	19
As at March 31, 2026	5

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Software	5-10 years

18. INTERESTS IN ASSOCIATE

Aggregate information of associate that is not individually material

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
The Group's share of profit for the year/period	–	–	–	–	–

The Group has discontinued recognizing its share of losses of the associate. The amounts of the Group's unrecognized share of losses, extracted from the management accounts of the associate, for the year and cumulatively, are as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Unrecognized share of loss of the associate for the year/period	–	200	50	18	185

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated unrecognized share of losses of the associate	–	200	250	435

19. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted wealth management products *(note)*	–	82,000	171,483	231,640

Note:

The unlisted wealth management products represent the structured deposits which were issued by banks in PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. BIOLOGICAL ASSETS

(a) Nature of activities

Dairy cows/buffaloes owned by the Group are primarily held to produce milk.

The Group's biological assets contain heifers and calves, milkable cows/buffaloes, breeding bulls and young male cattle. Heifers and calves held at the end of each of the Track Record Period are dairy cows and buffaloes that have not had their first calves.

The following table sets forth the number of our dairy cows/buffaloes as of the dates indicated.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	Heads	*Heads*	*Heads*	*Heads*
Biological assets				
Milkable cows/buffaloes[1]	701	3,309	3,623	3,833
Heifers and calves[2] [3]	277	919	3,187	3,888
Breeding bulls and young male cattle	80	221	336	244
Total	1,058	4,449	7,146	7,965

Notes:

(1) A buffalo typically undergoes a lactation cycle of approximately 300 days, followed by a 60-day dry period to allow for udder tissue regeneration and fetal development before the next calving, which is crucial for maintaining their health and subsequent milk yield.

A milkable cow typically undergoes a lactation cycle of approximately 305 days, followed by a 60-day dry period to allow for udder tissue regeneration and fetal development before the next calving, which is crucial for maintaining their health and subsequent milk yield.

(2) In general, Buffalo heifers are inseminated when they reach approximately 18 to 24 months of age, provided they have reached the target body weight. After a gestation period of approximately 10.5 months (around 310 days), a calf is born. Following calving, the heifer transitions into a milkable cow/buffalo and commences raw milk production.

Dairy heifers are inseminated when they reach approximately 13 to 15 months of age, provided they have reached the target body weight. After a gestation period of approximately 9 months (around 280 days), a calf is born. Following calving, the heifer transitions into a milkable cow and commences raw milk production.

(3) When a heifer successfully calves and commences raw milk production, it is biologically and financially reclassified. The asset is transferred from the category of "Heifers and calves" to "Milkable cows/buffaloes." This transfer is recorded based on the estimated fair value less costs to sell as of the date of transfer.

The Group is exposed to a number of risks related to its biological assets as follows:

i. Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates breeding. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

ii. Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls and surveys and insurance.

(b) Quantity of the agricultural produce of the Group's biological assets

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Volume of raw milk produced for sale *(kg)*	1,095	2,724	26,959	4,324	8,371

(c) Value of biological assets

	At December 31,			At March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Biological assets				
Milkable cows/buffaloes[1]	16,458	72,329	66,671	70,061
Heifers and calves[2] [3]	2,065	3,597	31,714	39,439
Breeding bulls and young male cattle	709	1,060	2,181	1,236
Total	19,232	76,986	100,566	110,736
Less: current portion classified under current assets	(126)	(408)	(1,670)	(659)
Non-current portion classified under non-current assets	19,106	76,578	98,896	110,077

The value of biological asset at the end of each of the Track Record Period was as follows:

	Milkable cows/ buffaloes	Heifers and calves	Breeding bulls and young male cattle	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	–	–	–
Increases due to purchase	10,072	1,864	538	12,474
Increase due to raising (feeding costs and others)	–	1,247	229	1,476
Transfer	417	(417)	–	–
Decrease due to sales	–	–	(5)	(5)
Decrease due to death	(195)	(11)	(25)	(231)
Change in fair value less costs to sell of biological assets	6,164	(618)	(28)	5,518
At December 31, 2023 and January 1, 2024	16,458	2,065	709	19,232
Increases due to purchase	1,143	105	152	1,400
Increase due to acquisition of assets	–	42,747	–	42,747
Increase due to raising (feeding costs and others)	–	2,334	688	3,022
Transfer	54,742	(54,742)	–	–
Decrease due to sales	(286)	(4)	(314)	(604)
Decrease due to death	(1,425)	(423)	(183)	(2,031)
Change in fair value less costs to sell of biological assets	1,697	11,515	8	13,220
At December 31, 2024 and January 1, 2025	72,329	3,597	1,060	76,986
Increases due to purchase	3,172	11,296	145	14,613
Increase due to raising (feeding costs and others)	–	18,659	6,036	24,695
Transfer	4,407	(4,407)	–	–
Decrease due to sales	(2,521)	(798)	(5,172)	(8,491)
Decrease due to death	(2,112)	(2,464)	(419)	(4,995)
Others	–	(42)	–	(42)
Change in fair value less costs to sell of biological assets	(8,604)	5,873	531	(2,200)
At December 31, 2025 and January 1, 2026	66,671	31,714	2,181	100,566
Increases due to purchase	–	5,551	105	5,656
Increase due to raising (feeding costs and others)	–	8,795	1,888	10,683
Transfer	4,686	(4,686)	–	–
Decrease due to sales	(3,952)	(953)	(2,067)	(6,972)
Decrease due to death	(629)	(1,717)	(153)	(2,499)
Change in fair value less costs to sell of biological assets	3,285	735	(718)	3,302
At March 31, 2026	70,061	39,439	1,236	110,736

The Group has engaged Asia-Pacific Consulting and Appraisal Limited, an independent firm of professional valuers, to assist it in assessing the fair values of the Group's dairy cattle, breeding bulls and young male. The independent valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuation was performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 38(d).

The aggregate gain arising on initial recognition of agricultural produce and the aggregate loss arising from the change in fair value less costs to sell of biological assets during the Track Record Period is analysed as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest .	12,148	24,081	108,931	19,001	33,190
Gains/(losses) arising from changes in fair value less costs to sell of biological assets . . .	5,518	13,220	(2,200)	(4,834)	3,302
	17,666	37,301	106,731	14,167	36,492

21. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognized and movements thereon during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026:

The Group

Deferred tax assets

	Provision for Impairment of assets	Unused tax losses	Lease liabilities	Refund liabilities	Accrued expenses	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	46	–	181	–	1,373	743	2,343
Credited/(charged) to profit or loss	142	–	(181)	–	(306)	(53)	(398)
As at December 31, 2023 and January 1, 2024	188	–	–	–	1,067	690	1,945
Credited/(charged) to profit or loss	158	–	288	–	1,046	(75)	1,417
As at December 31, 2024 and January 1, 2025	346	–	288	–	2,113	615	3,362
Credited/(charged) to profit or loss	216	2,188	(154)	29	2,684	305	5,268
As at December 31, 2025 and January 1, 2026	562	2,188	134	29	4,797	920	8,630
Credited/(charged) to profit or loss	74	(913)	(45)	8	2,194	18	1,336
As at March 31, 2026	636	1,275	89	37	6,991	938	9,966

Deferred tax liabilities

	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	193	–	193
Charged to profit or loss	(193)	–	(193)
As at December 31, 2023 and January 1, 2024	–	–	–
Credited to profit or loss	307	–	307
As at December 31, 2024 and January 1, 2025	307	–	307
Credited/(charged) to profit or loss	(156)	26	(130)
As at December 31, 2025 and January 1, 2026	151	26	177
Credited/(charged) to profit or loss	(41)	8	(33)
As at March 31, 2026	110	34	144

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group has unused tax losses and deductible temporary differences for which no deferred tax assets have been recognized as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	83,057	92,494	108,312	121,556
Deductible temporary differences	8,343	14,066	30,538	32,123
Total	91,400	106,560	138,850	153,679

The Company

Deferred tax assets

	Provision for Impairment of assets	Lease liabilities	Refund liabilities	Accrued expenses	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	318	181	–	1,373	–	1,872
Credited/(charged) to profit or loss	999	(181)	–	(306)	690	1,202
As at December 31, 2023 and January 1, 2024	1,317	–	–	1,067	690	3,074
Credited/(charged) to profit or loss	1,930	46	615	1,047	(690)	2,948
As at December 31, 2024 and January 1, 2025	3,247	46	615	2,114	–	6,022
Credited/(charged) to profit or loss	2,205	(33)	(598)	967	874	3,415
As at December 31, 2025 and January 1, 2026	5,452	13	17	3,081	874	9,437
Credited/(charged) to profit or loss	910	(13)	–	999	19	1,915
As at March 31, 2026	6,362	–	17	4,080	893	11,352

Deferred tax liabilities

	Right-of-use-assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	193	–	193
Credited/(charged) to profit or loss	(193)	–	(193)
As at December 31, 2023 and January 1, 2024	–	–	–
Credited to profit or loss	66	–	66
As at December 31, 2024 and January 1, 2025	66	–	66
Credited/(charged) to profit or loss	(52)	13	(39)
As at December 31, 2025 and January 1, 2026	14	13	27
Charged to profit or loss	(14)	–	(14)
At March 31, 2026	–	13	13

The Company has no unused tax losses and deductible temporary differences during the Track Record Period

No deferred tax asset has been recognized in respect of the above items due to the uncertainty of sufficient future taxable profits.

The Group has tax losses arising in PRC of RMB83,057,000, RMB92,494,000, RMB108,312,000 and RMB121,556,000 as at December 31, 2023, 2024 and 2025 and March 31, 2026, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

22. TRADE RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	17,439	21,561	45,571	75,296
Less: Allowance for expected credit losses	(920)	(1,078)	(2,281)	(3,811)
	16,519	20,483	43,290	71,485

Details of balance of related parties of trade receivables are set out in Note 40 (b).

As at January 1, 2023, trade receivables, net of allowance for credit losses amounted to RMB1,363,000.

The Group generally allows a credit period ranging from 0 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables for credit losses presented based on invoice date/delivery date at the end of the reporting period:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Within 30 days	10,824	13,466	18,477	29,323
31-60 days	2,028	4,242	12,625	9,425
61-90 days	4,450	1,445	4,620	6,858
91-120 days	86	1,523	4,270	8,379
Over 120 days	51	885	5,579	21,311
Total	17,439	21,561	45,571	75,296

Details of impairment assessment of trade receivables for the years ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026 are set out in Note 38 (c).

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	16,610	19,537	32,279	50,744
Less: Allowance for expected credit losses	(878)	(977)	(1,614)	(2,581)
	15,732	18,560	30,665	48,163

Details of balance of related parties of trade receivables are set out in Note 40 (b).

The following is an aged analysis of trade receivables for credit losses presented based on invoice date/delivery date at the end of the reporting period:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Within 30 days	10,316	12,340	7,576	11,257
31-60 days	1,941	3,933	11,806	5,561
61-90 days	4,302	1,310	3,616	6,263
91-120 days	–	1,453	3,867	6,764
Over 120 days	51	501	5,414	20,899
Total	16,610	19,537	32,279	50,744

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits for land auction	–	–	6,000	6,000
Value added tax recoverable	15,325	29,194	66,910	60,857
Right to return asset	–	–	447	663
Prepayments to suppliers and service providers *(note (a))*	12,638	19,656	34,342	29,388
Prepayments for purchase of property, plant and equipment	10,209	12,010	2,829	7,843
Rental deposits	–	84	268	261
Deposits paid to E-commerce platform and other deposits	3,720	4,119	4,660	4,628
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	2	119	24	787
	41,894	65,182	115,480	113,853
Less: Allowance for expected credit losses	(940)	(1,226)	(2,087)	(1,751)
	40,954	63,956	113,393	112,102
Analysed as:				
Current	30,745	51,946	110,564	104,259
Non-current	10,209	12,010	2,829	7,843
	40,954	63,956	113,393	112,102

Notes:

(a) Prepayments to suppliers and service providers mainly represent amounts prepaid by the Company for purchase of goods, fees for commissioned technology research and development, and freight charges.

(b) Details of impairment assessment of other receivables and deposits for the year ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026 are set in Note 38 (c).

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits for land auction	–	–	3,000	3,000
Value added tax recoverable	3,171	2,334	20,476	12,354
Right to return asset	–	–	89	89
Prepayments to suppliers and service providers	8,833	9,542	12,258	7,299
Prepayments for purchase of property, plant and equipment	3,925	8,666	2,197	4,173
Rental deposits	–	27	4	–
Deposits paid to E-commerce platform and other deposits	2,123	2,845	2,830	1,869
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	2	49	–	361
	18,054	23,463	40,854	32,571
Less: Allowance for expected credit losses	(377)	(1,151)	(1,761)	(1,345)
	17,677	22,312	39,093	31,226
Analysed as:				
Current	13,752	13,646	36,896	27,053
Non-current	3,925	8,666	2,197	4,173
	17,677	22,312	39,093	31,226

24. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED BANK DEPOSITS

The Group

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	222,723	286,474	291,006	126,322
Time deposits				
Current	40,000	88,000	132,394	160,652
Non-current	–	30,000	–	–
	40,000	118,000	132,394	160,652
Restricted bank deposits	–	511	–	–

Cash and cash equivalents include bank balances with original maturities less than three months carrying interest at market rates ranging from 0.2% to 1.90%, 0.1% to 1.90%, 0.05% to 0.75% and 0.05% to 0.75% per annum as at December 31, 2023, 2024 and 2025 and March 31, 2026 respectively.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, the time deposits carry fixed interest rate ranging from 3.5%, 1.8% to 2.55%, 1.35% to 2.55% and 1.35% to 1.50% per annum, respectively.

As at December 31, 2024, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to RMB511,000 can only be applied in the designated projects. The balances carry interest at an interest rate of 0.1% per annum.

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	162,714	165,644	98,334	26,243
Time deposits	40,000	–	–	–

25. INVENTORIES

The Group

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	35,287	52,307	111,621	89,751
Finished goods	19,812	39,600	37,383	41,743
Goods in transit	6,780	17,486	19,417	14,616
Low value consumables	2,942	1,424	1,478	2,330
	64,821	110,817	169,899	148,440

Note:

Finished goods are net of a write-off of approximately RMB236,000, RMB4,635,000, RMB1,583,000 and RMB2,561,000 as at December 31, 2023, 2024 and 2025 and March 31, 2026.

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	23,009	23,497	58,512	46,007
Finished goods	17,573	24,756	7,800	5,721
Goods in transit	4,060	5,264	7,389	4,068
Low value consumables	2,244	470	841	1,085
	46,886	53,987	74,542	56,881

Finished goods are net of a write-down of approximately RMB153,000, RMB1,710,000, RMB492,000 and RMB83,000 as at December 31, 2023, 2024 and 2025 and March 31, 2026.

26. TRADE PAYABLES

The Group

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	75,617	119,345	131,869	113,384

The credit period of trade creditors is generally within one year. The following is an aged analysis of trade payables presented based on the invoice dates:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	74,517	118,152	114,980	102,586
More than one year	1,100	1,193	16,889	10,798
	75,617	119,345	131,869	113,384

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	60,025	73,047	80,523	70,343

The credit period of trade creditors is generally within one year. The following is an aged analysis of trade payables presented based on the invoice dates:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	59,998	72,921	80,402	70,224
More than one year	27	126	121	119
	60,025	73,047	80,523	70,343

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued payroll and welfare	7,566	10,799	15,009	13,205
Other taxes payables	4,696	8,746	16,218	5,809
Deposits received from customers	5,872	8,770	9,652	10,160
Others *(note)*	1,820	4,977	3,979	2,139
	19,954	33,292	44,858	31,313

Note:

Others comprise refund liabilities arising from expected sales returns and other miscellaneous payables, with the refund liabilities amounting to RMBnil, RMBnil, RMB552,000 and RMB723,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued payroll and welfare	5,025	6,743	7,672	6,700
Other taxes payables	1,534	4,367	4,819	535
Deposits received from customers	5,035	7,853	8,780	9,095
Others *(note)*	1,289	1,228	1,776	452
	12,883	20,191	23,047	16,782

Note:

Others comprise refund liabilities arising from expected sales returns and other miscellaneous payables, with the refund liabilities amounting to nil, nil, RMB113,000 and RMB115,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

28. CONTRACT LIABILITIES

The Group

	As at January 1,	As at December 31,			As at March 31,
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers for dairy products	18,193	12,725	63,142	115,061	15,728
Accrued sales rebates	9,857	14,083	20,778	29,997	42,346
	28,050	26,808	83,920	145,058	58,074

Contract liabilities are expected to be settled within the Group's normal operating cycle and will be recognized as revenue when the related performance obligations are satisfied. The management of the Group expects the contract liabilities at the respective reporting period end will be recognized as revenue within one year.

Revenue recognized during each reporting period included the whole amount of contract liabilities at the beginning of the respective reporting period. There was no revenue recognized during the Track Record Period that related to performance obligations that were satisfied in prior years.

Advances from customers for dairy products

The performance obligation is satisfied upon delivery and acceptance of the dairy products. The Group generally requires distributors to make payments in advance before the delivery of products.

Accrued sales rebate

The Group provides incentives to distributors in the form of volume rebates, discount and other promotion. The distributors can then redeem such incentives for free goods and such incentives provide a material right to distributors. The consideration received or receivable from the dairy products sold is allocated to the incentives earned by distributors on a relative stand-alone selling prices which reflect the discount that distributors would obtain when redeeming the incentives, and deferred with contract liabilities recognized. Such contract liabilities are recognized as revenue until the incentives are redeemed when the Group fulfils its obligations to supply goods.

The increase in contract liabilities as at December 31, 2024 and 2025 was mainly due to the increase in advances received from customers for dairy products alongside the steady growth in accrued sales rebates in line with the Group's expanding sales scale.

The decrease in contract liabilities as at March 31, 2026 was primarily driven by the recognition of year-end customer advances as revenue upon the satisfaction of performance obligations through the delivery of products during the period.

The Company

	As at January 1,	As at December 31,			As at March 31,
	2023	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers for dairy products	10,067	8,015	34,606	44,291	5,261
Accrued sales rebates	9,151	7,110	14,091	20,542	27,196
	19,218	15,125	48,697	64,833	32,457

29. LEASE LIABILITIES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	115	440	902	2,133
More than one year but less than two years	52	594	1,817	1,660
More than two years but less than five years	121	331	4,895	4,893
More than five years	479	6,443	20,476	18,246
	767	7,808	28,090	26,932
Less: Amount due for settlement within 12 months shown under current liabilities	(115)	(440)	(902)	(2,133)
Amount due for settlement after 12 months shown under non-current liabilities	652	7,368	27,188	24,799

The weighted average incremental borrowing rates applied to lease liabilities were 4.55%, 3.7%, 3.55% and 3.55% per annum as at December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	–	150	84	–
More than one year but less than two years	–	155	–	–
More than two years but less than five years	–	–	–	–
	–	305	84	–
Less: Amount due for settlement within 12 months shown under current liabilities	–	(150)	(84)	–
Amount due for settlement after 12 months shown under non-current liabilities	–	155	–	–

The weighted average incremental borrowing rates applied to lease liabilities were nil, 3.6%, 3.6% and nil per annum as at December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

30. DEFERRED INCOME

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1,	4,953	4,599	4,277	7,009
Government grants received *(note)*	–	180	3,234	238
Released to the statement of profit or loss *(Note 7)*	(354)	(502)	(502)	(125)
	4,599	4,277	7,009	7,122
Analysed as:				
Current	502	502	502	502
Non-current	4,097	3,775	6,507	6,620
	4,599	4,277	7,009	7,122

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1,	4,953	4,599	4,097	5,829
Government grants received *(note)*	–	–	2,234	250
Released to the statement of profit or loss	(354)	(502)	(502)	(125)
	4,599	4,097	5,829	5,954
Analysed as:				
Current	502	502	502	502
Non-current	4,097	3,595	5,327	5,452
Total	4,599	4,097	5,829	5,954

Note:

The government grants received for capital expenditure incurred for the acquisition of property, plant and equipment and right-of-use assets. The amounts are deferred and are credited to the profit or loss on a systematic basis over the useful lives of the related assets.

31. SHARE CAPITAL

The Group and the Company

	Number of issued and fully paid shares	Share capital
	'000	*RMB'000*
Ordinary shares of RMB1.00 each		
Issued/fully paid:		
At January 1, 2023	35,832	35,832
Capitalization issue *(note a)*	129,670	129,670
As at December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025, December 31, 2025, January 1, 2026 and March 31, 2026	165,502	165,502

Notes:

a) On June 12, 2023, the Company converted the capital reserve formed from the premium on share issuance into share capital in the amount of RMB129,670,000, by issuing 36.1889 new shares for every 10 shares held by all shareholders, for a total of 129,670,000 new shares ("**Capitalization Issue**"). After completion of Capitalization Issue, the Company's total share capital have been increased from 35,832,000 shares to 165,502,000 shares, and the Company's capital reserve have been decreased from RMB207,624,000 to RMB77,954,000.

b) On June 23, 2020 and November 21, 2020, the Company issued 574,231 and 300,000 registered shares (adjusted to 2,652,309 and 1,385,666 shares after the Capitalization Issue) to Qinzhou Qiangfei Investment Development Partnership (Limited Partnership), an employee shareholding platform for employee share incentive scheme, for considerations of RMB6,523,264 and RMB3,408,000, respectively. Of these amounts, RMB574,000 and RMB300,000 (adjusted to RMB2,652,309 and RMB1,385,666 after the Capitalization Issue) were recorded as share capital, while the remaining RMB5,949,264 and RMB3,108,000 (adjusted to RMB3,870,955 and RMB2,022,334 after the Capitalization Issue) were recorded in capital reserve, respectively.

32. RETIREMENT BENEFITS SCHEME

Employees of the Company and its subsidiaries in the PRC are covered by the retirement and pension schemes defined by local practice and regulations. The Company and subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement and pension schemes. The calculation of contributions for PRC eligible staff is based on certain percentage of the applicable payroll costs. The only obligation of the Group in respect of the retirement benefits scheme is to make the specified contribution.

The amounts of contributions made by the Group in respect of the retirement benefit schemes during the Track Record Period are disclosed in Note 10.

33. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

To provide incentives to eligible employees and directors for long-term development of the Group and in recognition of their contributions, the Company's Board of Directors approved an employee share incentive plan on June 23, 2020 (the "**1st RS Scheme**"). Under this scheme, a total of 574,000 restricted share units ("**RSUs**") were granted to certain directors and employees of the Group at a subscription price of RMB11.36 per RSU. The RSUs were issued through an employee shareholding platform, Qinzhou Qiangfei Investment Development Partnership (Limited Partnership) (欽州市強菲投資發展合夥企業(有限合夥)) (the "**Platform**"), for a total consideration of RMB6,523,000.

To further incentivise to eligible employees and directors of the Group, the Company's Board of Directors approved the second employee share incentive plan on November 21, 2020 (the "**2nd RS Scheme**"). Under the 2nd RS Scheme, a total of 300,000 RSUs were granted to certain directors and employees of the Group through the Platform at a subscription price of RMB11.36 per RSU. The total consideration for the 2nd RS Scheme was RMB3,408,000.

Pursuant to the employee share incentive plan, if a grantee terminates their employment relationship with the Group during the vesting period, the general partner of the Platform shall have the right to designate a third party to purchase the guarantee's partnership interest at original investment amount.

Details of the restricted shares issued under the both incentive schemes are as follows:

	Grant date	Number of restricted shares granted (before Capitalization Issue) *(note)*	Number of restricted share granted (after Capitalization Issue) *(note)*	Grantee	Vesting period	Fair value of the RSU on the grant date (before Capitalization Issue)	Fair value of RSU on the grant date (after Capitalization Issue)
						(RMB)	*(RMB)*
1st RS Scheme . . .	June 23, 2020	574,231	2,652,309	Eligible directors and employees	1 year after [**REDACTED**]	29.72	6.43
2nd RS Scheme . . .	November 21, 2020	300,000	1,385,666	Eligible directors and employees	1 year after [**REDACTED**]	33.62	7.28

Note:

On June 12, 2023, based on Capitalization Issue, by issuing 36.1889 new shares for every 10 shares held by all shareholders. After completion of Capitalization Issue, the amount of registered share held by the Platform for the 1st RS Scheme and the 2nd RS Scheme have been increased from 574,231 and 300,000 shares to 2,652,309 and 1,385,666 shares respectively.

The following table summarised the movement of the Group's unvested restricted shares:

	Unvested restricted shares
As at January 1, 2023	874,231
Capitalization Issue	3,163,744
As at December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025, December 31, 2025, January 1, 2026 and March 31, 2026	4,037,975

Fair value of restricted shares

The aggregate fair value of restricted shares granted under the 1st RS Scheme and the 2nd RS Scheme was RMB29.72 and RMB33.62, respectively (after Capitalization Issue: RMB6.43 and RMB7.28), as of June 23, 2020 and November 21, 2020. This valuation was determined with reference to the Company's business value assessed using a discount for lack of materiality (DLOM) of 8.37% and 10.18% as of 23 June 2020 and 21 November 2020, respectively. Share-based payment expenses of RMB3,353,000 and RMB3,367,000 were recognized as administrative expenses for the years ended December 31, 2023 and 2024.

34. ACQUISITION OF ASSETS THROUGH ACQUISITIONS OF SUBSIDIARIES

In September 2024, the Group acquired a 60% equity interest in Ningxia Saishang Baifei Animal Husbandry Co., Ltd. (寧夏塞上百菲牧業有限公司) ("**Saishang Baifei**"). At the date of acquisition, the net identifiable assets of Saishang Baifei were nil. Accordingly, the aggregate consideration transferred for the acquisition was nil (the "**Acquisition**").

The principal assets held by Saishang Baifei are biological assets. As Saishang Baifei did not possess the necessary inputs and substantive processes to constitute a business as defined under International Financial Reporting Standard 3 Business Combinations ("**IFRS 3**"), the transaction has been accounted for as an acquisition of assets rather than a business combination.

Subsequent to the completion of the Acquisition, the Group and the non-controlling interests ("**NCI**") agreed to make capital contributions to Saishang Baifei of RMB60,000,000 and RMB40,000,000, respectively, in proportion to their respective equity interests.

35. ACQUISITION OF BUSINESS

There was no significant acquisition of business during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026.

36. DISPOSAL OF MAJOR BUSINESSES

There was no significant disposal of subsidiaries during the year ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026.

37. COMMITMENTS

Capital commitments

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided for in the Historical Financial Information				
– Property, plant and equipment	133,778	133,323	103,772	93,592

38. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

a. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues.

b. Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are set out as follows:

The Group

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At FVTPL				
Unlisted wealth management products	–	82,000	171,483	231,640
At amortized cost				
Time deposits	40,000	118,000	132,394	160,652
Restricted bank deposit	–	511	–	–
Bank balances and cash	222,723	286,474	291,006	126,322
Trade receivables	16,519	20,483	43,290	71,485
Other receivables*	3,720	4,203	10,928	10,889
	282,962	429,671	477,618	369,348
	282,962	511,671	649,101	600,988
Financial liabilities				
At amortized cost				
Trade payables	75,617	119,345	131,869	113,384
Other payables**	15,258	24,546	28,088	24,781
Lease liabilities	767	7,808	28,090	26,932
	91,642	151,699	188,047	165,097

* Value-added tax recoverable, advances to staff, right to return asset and prepayments are excluded.

** Certain other payables, refund liabilities and other tax payable are excluded.

c. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risks, and price risk), credit risk, liquidity risk.

The Group identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units, focusing on the unpredictability of financial markets. The Group seeks to minimise the effects of financial risks by using different derivative financial instruments to manage these exposures. All derivative financial instruments are used for the financial risk management and not for speculative purposes.

The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivatives financial instruments and cash management. Exposure to foreign exchange rates, interest rates and prices risk movements are regularly reviewed and positions are amended in compliance with internal guidelines and limits.

The Group regularly or on demand basis to monitor risks and policies implemented to mitigate risk exposures.

Foreign currency risk management

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB and all transactions are conducted in RMB. All of the Group's assets and liabilities are denominated in RMB.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

No sensitivity analysis on foreign currency risk is performed since the Group has no material foreign currency denominated monetary assets and liabilities at the end of the reporting period.

Interest rate risk management

The Group and the Company is exposed to fair value interest rate risk in relation to pledged bank deposits. The Group and the Company is also exposed to cash flow interest rate risk in relation to variable-rate bank balances which is mainly concentrated on the fluctuation of benchmark deposit interest rates in the PRC. The management of the Group closely monitors interest rate movement and manages the potential risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

No sensitivity analysis is presented as the management of the Group determines that the impact from changes in interest rates is insignificant considering the historical movement in deposit interest rates in the PRC for the Track Record Period.

The Group is exposed to fair value interest rate risk in relation to financial assets at FVTPL (see Note 19 details) and lease liabilities (see Note 29 for details). However, management considers the fair value interest rate risk is insignificant.

The Group is also exposed to cash flow interest rate risk in relation to bank balances (see Note 24 for details) due to the fluctuation of the prevailing market interest rate.

Bank balances are excluded from sensitivity analysis as the management consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

The Group currently does not have an interest rate hedging policy to hedge against the exposure.

However, the management closely monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank deposits, time deposits other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The management of the Group has delegated a team responsible for determination of credit limits and credit approvals. The Group's concentration of credit risk by geographical locations is mainly in the PRC. The Group has concentration of credit risk of the trade receivables amounting to RMB10,106,000, RMB6,432,000, RMB13,420,000 and RMB23,112,000, respectively, representing 58%, 30%, 29% and 31% of total trade receivables as at December 31, 2023, 2024 and 2025 and March 31, 2026 from the Group's largest debtors. RMB17,230,000, RMB17,337,000, RMB28,946,000 and RMB46,576,000 of the trade receivables was due from the five largest debtors, representing 99%, 80%, 64% and 62% of total trade receivables as at December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2023, 2024 and 2025 and March 31, 2026, the Group assessed the ECL for other receivables in accordance with the note below.

Restricted bank deposits/cash and cash equivalents/time deposits

Credit risk on restricted bank deposits/cash and cash equivalents/time deposits is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for restricted bank deposits/time deposits/cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits/time deposits/cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognized.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	**12-month or lifetime ECL**	**As at December 31,**			**As at March 31,**
			2023	**2024**	**2025**	**2026**
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted bank deposits	*24*	12-month ECL	–	511	–	–
Time deposits	*24*	12-month ECL	40,000	118,000	132,394	160,652
Cash and cash equivalents	*24*	12-month ECL	222,723	286,474	291,006	126,322
Other receivables	*23*	12-month ECL	3,722	3,792	10,422	11,146
		Credit-impaired	–	530	530	530
			3,722	4,322	10,952	11,676
Trade receivables	*22*	Lifetime ECL (provision matrix)	17,439	21,561	45,571	75,296

Notes:

(a) For the purposes of internal credit risk management, the Group uses past due information to assess the credit risk of the counterparties.

(b) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the ECL on these items by using a provision matrix, grouped by past due status.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2023, 2024 and 2025 and March 31, 2026 within lifetime ECL. A full provision was made for debtors that were credit-impaired.

Gross carrying amount

	As at December 31,						As at March 31,	
	2023		2024		2025		2026	
	Expected credit loss rate	Gross amount of trade receivables	Expected credit loss rate	Gross amount of trade receivables	Expected credit loss rate	Gross amount of trade receivables	Expected credit loss rate	Gross amount of trade receivables
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Not overdue	0.0%	11,715	0.0%	9,361	0.1%	29,748	0.1%	47,327
Overdue 1 to 90 days	14.6%	5,587	1.7%	10,242	13.4%	14,870	10.3%	17,293
Overdue 91 to 120 days	11.2%	86	2.1%	1,073	22.0%	891	18.1%	10,632
121 days and above	100%	51	100%	885	100%	62	100%	44
		17,439		21,561		45,571		75,296

The estimated loss rates are estimated based on past default experience of the debtors adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows reconciliation of loss allowances that have been recognized for trade receivables.

	Lifetime ECL (not credit impaired)
	RMB'000
As at January 1, 2023	95
– Impairment losses recognized	825
As at December 31, 2023 and January 1, 2024	920
– Impairment losses recognized	208
– Write-off	(50)
As at December 31, 2024 and January 1, 2025	1,078
– Impairment losses recognized	1,244
– Write-off	(41)
As at December 31, 2025 and January 1, 2026	2,281
– Impairment losses recognized	1,530
As at March 31, 2026	3,811

The following table shows reconciliation of loss allowances that have been recognized for other receivables and deposits.

	12m ECL	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	456	–	456
– Impairment losses recognized	484	–	484
As at December 31, 2023 and January 1, 2024	940	–	940
– Impairment losses recognized/(reversed)	(244)	530	286
As at December 31, 2024 and January 1, 2025	696	530	1,226
– Impairment losses recognized	861	–	861
As at December 31, 2025 and January 1, 2026	1,557	530	2,087
– Impairment losses reversed	(336)	–	(336)
As at March 31, 2026	1,221	530	1,751

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

Liquidity risk management

To manage the liquidity risk, the Group takes into account the continuity and availability of financial resources to the Group, including the cash flows generated from its principal operations, availability of banking facilities, the level of cash and cash equivalents and capital expansion plans as to meet its expected future working capital requirements and mitigate the fluctuation in cash flows level.

The Group reviews the utilisation of borrowings and ensures the compliance of loan covenants regularly.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are carried at floating rate, the undiscounted amount is derived from interest rate existed at the end of the reporting period.

	Repayable on demand or within one year	Within the second year	Over the second year but within the fifth year	Over five years	Total undiscounted cash flow	Carrying amount at end of the reporting period
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023						
Non-derivative financial liabilities						
Trade payables	75,617	–	–	–	75,617	75,617
Other payables	15,258	–	–	–	15,258	15,258
Lease liabilities	144	81	185	577	987	767
	91,019	81	185	577	91,862	91,642

	Repayable on demand or within one year	Within the second year	Over the second year but within the fifth year	Over five years	Total undiscounted cash flow	Carrying amount at end of the reporting period
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024						
Non-derivative financial liabilities						
Trade payables	119,345	–	–	–	119,345	119,345
Other payables	24,546	–	–	–	24,546	24,546
Lease liabilities	718	880	1,133	9,913	12,644	7,808
	144,609	880	1,133	9,913	156,535	151,699

	Repayable on demand or within one year	Within the second year	Over the second year but within the fifth year	Over five years	Total undiscounted cash flow	Carrying amount at end of the reporting period
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025						
Non-derivative financial liabilities						
Trade payables	131,869	–	–	–	131,869	131,869
Other payables	28,088	–	–	–	28,088	28,088
Lease liabilities	1,119	3,232	8,370	25,312	38,033	28,090
	161,076	3,232	8,370	25,312	197,990	188,047

	Repayable on demand or within one year	Within the second year	Over the second year but within the fifth year	Over five years	Total undiscounted cash flow	Carrying amount at end of the reporting period
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At March 31, 2026						
Non-derivative financial liabilities						
Trade payables	113,384	–	–	–	113,384	113,384
Other payables	24,781	–	–	–	24,781	24,781
Lease liabilities	2,864	2,586	8,219	22,102	35,771	26,932
	141,029	2,586	8,219	22,102	173,936	165,097

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

d. Fair value measurement of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports its findings to the board of directors of the Company to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

The Group's biological assets and certain of the Group's financial assets are measured at fair value on a recurring basis at the end of the reporting period. The following table gives information about how the fair values of these biological assets and financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

There were no transfer between level 1, 2 and 3 during the Track Record Period.

The Directors consider that the carrying amounts of the Group's and Company's financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

(i) Fair value of the Group's assets that are measured at fair value on a recurring basis

	As at December 31,			As at March 31,	Fair value hierarchy
	2023	**2024**	**2025**	**2026**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Biological assets:					
Milkable cows/buffaloes *(note (b))*	16,458	72,329	66,671	70,061	Level 3
Calves and heifers *(note (a))*	2,065	3,597	31,714	39,439	Level 3
Breeding bulls and young male cattle	709	1,060	2,181	1,236	Level 3
Financial assets:					
Unlisted wealth management products	–	82,000	171,483	231,640	Level 2
	19,232	158,986	272,049	342,376	

The Directors consider that the carrying amounts of the Group's and Company's financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Biological assets:			
(a) Calves and heifers for dairy cows	The fair value of 20 months old heifers and calves is determined by reference to the local market selling prices. For age groups of heifers and calves younger than 20 months old, incremental costs required to raise the dairy cows from their respective age at the end of each of the Track Record Period to 20 months were subtracted. For heifers over than 20 months, incremental costs required to raise the heifers from 20 months to their respective age at the end of each of Relevant Periods were added.	Estimated local market selling prices of 20 months old heifers were RMB17,000 per head as of December 31, 2024, 2025 and March 31, 2026. Incremental costs for the age younger than 20 months old ranged from RMB1,975 to RMB6,207 per head as of December 31, 2024, 2025 and March 31, 2026. Incremental costs for heifers between 20 and 24 months ranged from RMB4,869 to RMB3,246 per head as of December 31, 2024, 2025 and March 31, 2026.	An increase in the estimated local market selling prices used would result in increase in the fair value measurement of the heifers and calves, and vice versa. An increase in the incremental costs used would result in a decrease in the fair value measurement of heifers and calves younger than 20 months, and vice versa. An increase in the incremental costs used would result in an increase in the fair value measurement of heifers older than 20 months, and vice versa.
Calves and heifers for buffaloes	The fair value of 24 months old heifers and calves is determined by reference to the local market selling prices. For age groups of heifers and calves younger than 24 months old, incremental costs required to raise the dairy cows from their respective age at the end of each of the Track Record Period to 24 months were subtracted. For heifers older than 24 months, incremental costs required to raise the heifers from 24 months to their respective age at the end of each of Track Record Period were added.	Estimated local market selling prices of 24 months old heifers were RMB15,000 per head as of December 31, 2023, 2024, 2025 and March 31, 2026. Incremental costs for the age younger than 24 months old ranged from RMB3,311 to RMB10,215 per head, RMB2,634 to RMB7,985 per head, RMB1,981 to RMB7,037 per head, RMB1,981 to RMB7,037 per head as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. Incremental costs for heifers between 24 and 30 months were RMB4,358 per head, RMB3,654 per head, RMB3,509 per head, RMB3,509 per head as of December 31, 2024, 2025 and March 31, 2026, respectively.	An increase in the estimated local market selling prices used would result in increase in the fair value measurement of the heifers and calves, and vice versa. An increase in the incremental costs used would result in a decrease in the fair value measurement of heifers and calves younger than 24 months, and vice versa. An increase in the incremental costs used would result in an increase in the fair value measurement of heifers older than 24 months, and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
(b) Milkable cows for dairy cows	The fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process are RMB2.03, RMB2.03 and RMB2.03 as of December 31, 2024, 2025 and March 31, 2026, respectively. Estimated average prices of raw milk per kg are RMB3.33, RMB3.33 and RMB3.35 as of December 31, 2024, 2025 and March 31, 2026, respectively. A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield per head at each lactation cycle ranges from 29.36 kg to 34.98 kg as of December 31, 2024, 2025 and March 31, 2026. Discount rate for estimated future cash flows used was 14%, 14% and 14% as of December 31, 2024, 2025 and March 31, 2026, respectively.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa. An increase in the estimated average price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa. An increase in the estimated average daily milk yield per head used would result in an increase in the fair value measurement of milkable cows, and vice versa. An increase in the estimated discount rate used would result in a decrease in fair value measurement of milkable cows, and vice versa.
Milkable cows for buffaloes	The fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process were RMB2.35, RMB2.87, RMB4.12, RMB4.30 as of December 31, 2023, 2024, 2025 and March 31, 2026. Estimated average prices of raw milk per kg are RMB10.80, RMB11.98, RMB12.40 and RMB12.40 as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. A milkable cow could have as many as ten lactation cycles. Estimated average daily milk yield per head at each lactation cycle ranges from 3.22 kg to 5.03 kg, from 3.18 kg to 4.97 kg, from 3.25 kg to 5.09 kg and from 3.25 kg to 5.09 kg as of December 31, 2023, 2024, 2025 and March 31, 2026. Discount rate for estimated future cash flows used were 14%, 14%, 14% and 14% as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa. An increase in the estimated average price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa. An increase in the estimated average daily milk yield per head used would result in an increase in the fair value measurement of milkable cows, and vice versa. An increase in the estimated discount rate used would result in a decrease in fair value measurement of milkable cows, and vice versa.
Unlisted wealth management products	The fair value of unlisted wealth management products were determined using discounted cash flows method which estimated based on expected return and market interest rate	N/A	N/A

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000 (Note 29)*	*RMB'000*
As at January 1, 2023	10,000	1,940	11,940
Interest expense	185	43	228
Lease remeasurement	–	(1,216)	(1,216)
Financing cash flows	(10,185)	–	(10,185)
As at December 31, 2023 and January 1, 2024	–	767	767
New leases entered	–	7,456	7,456
Interest expense	–	120	120
Financing cash flows	–	(535)	(535)
As at December 31, 2024 and January 1, 2025	–	7,808	7,808
New leases entered	–	20,817	20,817
Interest expense	–	521	521
Financing cash flows	–	(401)	(401)
Lease remeasurement	–	(655)	(655)
As at December 31, 2025 and January 1, 2026	–	28,090	28,090
Interest expense	–	247	247
Financing cash flows	–	(179)	(179)
Lease remeasurement	–	(1,226)	(1,226)
As at March 31, 2026	–	26,932	26,932

40. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party and/ or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are under control or joint control by the same party. Members of key management of the Group and their close family members are also considered as related parties.

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions carried out between the Group and Baifei Naniu (Shanghai) Dairy Co., Ltd. (百菲那麼牛(上海)乳業有限公司) ("**Baifei Naniu**"), an associate company of the Group in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at December 31, 2023, 2024 and 2025 and March 31, 2026 respectively.

a. Save as disclosed elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties:

(a) Transaction with Baifei Naniu

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of dairy products to Baifei Naniu	–	2,164	1,348	673	196

(b) Balances with Baifei Naniu

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	1,204	248	461
Less: Allowance for credit loss	–	(60)	(12)	(23)
	–	1,144	236	438

(c) Compensation of key management personnel

The remuneration of the Directors who are also the members of key management personnel during the Track Record Period was disclosed in Note 11.

41. PARTICULAR OF PRINCIPAL SUBSIDIARIES

The Group

Details of the principal subsidiaries directly and indirectly held by the Company at the date of report are set out below.

		Paid up issued/registered capital				Shareholding/equity interest attributable to the Group					
		As at December 31,			As at March 31,	As at December 31,			As at March 31,	At the date of this	
Name of the subsidiary	Place of incorporation/ establishment	2023	2024	2025	2026	2023	2024	2025	2026	report	Principal activities
Directly held											
浙江百菲乳業有限公司 Zhejiang Baifei Dairy Co., Ltd.	PRC, August 14, 2019	RMB368,880,000/ RMB368,880,000	RMB368,880,000/ RMB368,880,000	RMB368,880,000/ RMB368,880,000	RMB368,880,000/ RMB368,880,000	100%	100%	100%	100%	100%	Manufacturing and sales of dairy products
浙江百菲電子商務科技有限公司 Zhejiang Baifei E-commerce Technology Co., Ltd.	PRC, July 26, 2022	RMB10,000,000/ RMB10,000,000	RMB10,000,000/ RMB10,000,000	RMB10,000,000/ RMB10,000,000	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	100%	Online sales of dairy products
廣西百菲貿易有限公司 Guangxi Baifei Trading Co., Ltd.	PRC, February 1, 2024	N/A	RMB10,000,000/ RMB10,000,000	RMB10,000,000/ RMB10,000,000	RMB10,000,000/ RMB10,000,000	N/A	100%	100%	100%	100%	Procurement of packaging materials
寧夏塞上百菲牧業有限公司 Ningxia Saishang Baifei Animal Husbandry Co., Ltd.	PRC, September 23, 2020	N/A	RMB100,000,000/ RMB100,000,000	RMB180,000,000/ RMB180,000,000	RMB180,000,000/ RMB180,000,000	N/A	60%	60%	60%	60%	Raising and breeding of dairy cows, and raw milk production
Indirectly held											
浙江百菲貿易有限公司 Zhejiang Baifei Trading Co., Ltd.	PRC, January 25, 2022	RMB10,000/ RMB58,000,000	RMB10,000/ RMB58,000,000	RMB10,000/ RMB58,000,000	RMB10,000/ RMB58,000,000	100%	100%	100%	100%	100%	Sales of dairy products

Notes:

i. No audited statutory financial statements were prepared for these subsidiaries for the Track Record Period as there are no statutory audit requirements.

* *English name is for identification purpose only.*

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries	451,860	584,940	641,920	643,840
Amounts due from subsidiaries	145,274	368,468	624,613	729,662
Amounts due to subsidiaries	–	8,212	92,683	89,335

Note:

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayments. The amounts which are not expected to be settled/recover within twelve months at the end of the reporting date are classified as non-current.

42. RESERVES OF THE COMPANY

	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	35,832	207,624	9,638	31,905	512,887	797,886
Profit and total comprehensive income for the year	–	–	–	–	246,234	246,234
Capitalization issue	129,670	(129,670)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	3,353	–	–	3,353
Transfer to statutory reserve	–	–	–	24,623	(24,623)	–
Dividends recognized as distributions	–	–	–	–	(20,026)	(20,026)
As at December 31, 2023	165,502	77,954	12,991	56,528	714,472	1,027,447

	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	165,502	77,954	12,991	56,528	714,472	1,027,447
Profit and total comprehensive income for the year	–	–	–	–	307,012	307,012
Recognition of equity-settled share-based payments	–	–	3,367	–	–	3,367
Transfer to statutory reserve	–	–	–	30,701	(30,701)	–
As at December 31, 2024	165,502	77,954	16,358	87,229	990,783	1,337,826

	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	165,502	77,954	16,358	87,229	990,783	1,337,826
Profit and total comprehensive income for the year	–	–	–	–	231,182	231,182
As at December 31, 2025	165,502	77,954	16,358	87,229	1,221,965	1,569,008

	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2026	165,502	77,954	16,358	87,229	1,221,965	1,569,008
Profit and total comprehensive income for the period	–	–	–	–	68,050	68,050
As at March 31, 2026	165,502	77,954	16,358	87,229	1,290,015	1,637,058

	Share capital	Capital reserve	Share based payment reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	165,502	77,954	16,358	87,229	990,783	1,337,826
Profit and total comprehensive income for the period	–	–	–	–	50,472	50,472
As at March 31, 2025 (unaudited)	165,502	77,954	16,358	87,229	1,041,255	1,388,298

43. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit/(loss) for the year/period allocated to non-controlling interests				
Saishang Baifei	5,137	(2,150)	(2,943)	1,529
Individually immaterial subsidiaries with non-controlling interests	88	656	415	(86)
	5,225	(1,494)	(2,528)	1,443

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Accumulated non-controlling interests at the reporting date			
Saishang Baifei	45,470	75,320	76,849
Individually immaterial subsidiaries with non-controlling interests	508	813	625
	45,978	76,133	77,474

The following tables illustrate the summarised financial information for Saishang Baifei since its acquisition by the Group which has a material non-controlling interest. The amounts disclosed are before any inter-company eliminations:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Percentage of equity interest held by non-controlling interests	40%	40%	40%
Current assets	26,214	57,868	43,392
Non-current assets	99,516	139,140	158,082
Current liabilities	(13,213)	(8,619)	(9,276)
Non-current liabilities	–	(1,245)	(1,235)

	Three months ended December 31,	Year ended December 31,	Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	14,041	87,915	13,975	33,887
Total expenses	(1,199)	(93,290)	(21,331)	(30,066)
Profit/(loss) for the year	12,842	(5,374)	(7,357)	3,821
Total comprehensive profit/(loss) for the year	12,842	(5,374)	(7,357)	3,821
Net cash flows (used in)/ from operating activities	(13,701)	(1,472)	439	15,380
Net cash flows used in investing activities	(76,417)	(56,265)	(7,146)	(24,227)
Net cash flows from financing activities	91,200	79,152	10,700	–
Net increase/(decrease) in cash and cash equivalents	1,083	21,414	3,992	(8,846)

Note:

Except Saishang Baifei, no other subsidiaries had non-controlling interests that are material to the Group for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026.

44. EVENT AFTER REPORTING PERIOD

Save as disclosed elsewhere the Company has no other significant event after the reporting period that needs to be disclosed.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to March 31, 2026.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

PRC TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective [**REDACTED**] are urged to consult their financial advisor regarding the PRC and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was last amended on August 31, 2018 by the Standing Committee of the National People's Congress (the "**SCNPC**") and came into effect on January 1, 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was last amended on December 18, 2018 by the State Council and came into effect on January 1, 2019 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得税若干政策問題的通知》) promulgated by the Ministry of Finance (the "**MOF**") and the State Administration of Taxation of the PRC (the "**SAT**") on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise investors

According to the Enterprise Income Tax of the PRC (《中華人民共和國企業所得税法》), which was latest amended by the SCNPC and implemented on December 29, 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) enacted on December 6, 2007 by the State Council and became effective on January 1, 2008, and last amended on December 6, 2024 with effect from January 20, 2025 the "**EIT Law**"), the rate of corporate income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Guo Shui Han [2009] No. 394) (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》(財税函[2009]394號)), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or region, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**"), which was signed between the SAT and the Hong Kong Government on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including resident individual and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC company unless a Hong Kong resident directly holds 25% or more of the equity interest in the PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the

Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax (the "**VAT**") at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

According to the Notice on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》) issued by the Ministry of Finance and the State Administration of Taxation on April 4, 2018, which took effect on May 1, 2018, for taxpayers engaged in VAT taxable sales activities or importing goods, the original applicable tax rates of 17% and 11% were adjusted to 16% and 10%, respectively.

According to the Announcement on Policies Related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) issued on March 20, 2019, which took effect on April 1, 2019, for VAT taxable sales activities or importing goods, the original applicable tax rates of 16% and 10% were adjusted to 13% and 9%, respectively.

On December 25, 2024, the Standing Committee of the National People's Congress promulgated the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》), which took effect on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC.

Income Tax

Individual investor

According to the IIT Law gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) promulgated by the MOF and the SAT and became effective on March 30, 1998, since January 1, 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted. In the newly revised IIT Law of the PRC, the SAT did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of listed companies.

On December 31, 2009, the MOF, SAT and CSRC jointly issued the Notice on Related Issues Concerning Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on the same day, which stipulates that income derived by individuals from transfer of shares of listed companies issued to the public by the listed companies and transfer of shares of listed companies obtained from the market at the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempted from individual income tax, provided that it excludes the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) which was jointly issued and implemented by MOF, SAT and CSRC on November 10, 2010. On December 27, 2024, the MOF, the SAT and the CSRC jointly issued the Announcement on the Further Improvement of the Administration of Individual Income Tax on the Transfer of Restricted Shares of Listed Companies by Individuals (《關於進一步完善個人轉讓上市公司限售股所得個人所得稅有關徵管服務事項的公告》), which was effective on the date of issuance, and any inconsistency with this announcement shall be in accordance with this announcement. As of the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the MOF, SAT and CSRC jointly issued the Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from EIT according to law. H-share companies do not withhold tax on dividends and bonus income of PRC enterprise investors, and the tax payable shall be declared and paid by enterprises.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

On August 21, 2023, the MOF, the SAT and the CSRC jointly issued the Announcement on the Continuation of Implementation of Individual Income Tax Policies Relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and Mutual Recognition of Funds between Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), which stipulates that for PRC individual investors, the transfer difference income derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis until December 31, 2027.

Stamp Duty

According to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China.

Therefore, the purchase and disposal of H shares by non-PRC investors outside of the PRC does not apply to the relevant provisions of the Stamp Duty Law of the PRC.

Estate Duty

As of the Latest Practicable Date, no estate duty was levied within the PRC.

PRC FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi. The SAFE, with the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on 5 August, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and regulatory measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while regulates foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day. According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

The Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and came into effect on October 23, 2014 provide to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Management of Funds from Overseas Listings of Domestic Enterprises (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), promulgated by the People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) on December 24, 2025 and effective from April 1, 2026, a domestic enterprise that lists overseas shall, within 30 working days from the first trading day of its overseas listing or after the completion of the over-allotment, apply for registration of its overseas listing with a bank in the province or city with independent planning status where it is registered. Proceeds raised by a domestic enterprise from its overseas listing shall, in principle, be repatriated to China in a timely manner. If such proceeds are to be retained overseas to conduct businesses such as overseas direct investment, overseas securities investment, and overseas lending, the enterprise shall, before the completion of the overseas listing and issuance or the over-allotment, obtain approval or filing documents from the competent business authorities and shall comply with relevant cross-border fund management regulations.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and became effective on June 1, 2015, and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the SAFE of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016 and partially amended on December 4, 2023 with effect from the same date, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) was issued by the SAFE to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended with immediate effect on December 4, 2023. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the

use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

According to the Notice on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE and became effective on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilised capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the "**Constitution**"), which was adopted on December 4, 1982 and respectively amended on April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People's Congress (the "**NPC**") and its Standing Committee are empowered to exercise the legislative power of the State in accordance with the Constitution and the PRC Legislation Law (《中華人民共和國立法法》) (the "**Legislation Law**"), which was adopted on July 1, 2000 and amended on March 15, 2015 and March 13, 2023. The NPC has the power to formulate and amend basic laws governing state organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. During the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, if conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China (the "**PBOC**"), National Audit Office, the subordinate institutions with administrative functions directly under the State Council and the institutions required by the law may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities, cities divided into districts and autonomous prefectures may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, the Supreme People's Court of the PRC has the power to give interpretation on issues related to the application of laws in a court trial, and issues related to the application of laws in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations and Supreme People's Procuratorate's interpretations, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), which is adopted on January 1, 1980 and most recently amended October 26, 2018 and became effective on January 1, 2019, the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts.

A people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") adopted on April 9, 1991 and respectively amended on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or

signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or apply to a foreign court with jurisdiction or recognition in accordance with the international treaties that China has concluded or acceded to or in accordance with the principle of reciprocity. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

The PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**") was adopted by the 5th meeting of the Standing Committee of the 8th National People's Congress Session on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively. The latest revised PRC Company Law was implemented on July 1, 2024.

On February 17, 2023, with the approval of the State Council, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Overseas Listing Trial Measures and relevant five guidelines, which came into force on March 31, 2023. The Overseas Listing Trial Measures are designated in accordance with the Securities Law and other laws and are applicable to domestic enterprises that issue securities overseas or list their securities for trading.

On February 17, 2023, the CSRC promulgated the Guidelines for the Applications of Regulatory Rules — Overseas Issuance and Listing Category No. 1, stipulating that direct issuance and listing by domestic companies shall abide by the relevant provisions of the Overseas Listing Trial Measures and refer to the Guidelines for Articles of Association of Listed Companies and other relevant provisions of the CSRC on corporate governance to formulate its articles of association and standardize corporate governance. Domestic companies directly issuing and listing overseas shall formulate their articles of association in accordance with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") which was revised and effective on March 28, 2025.

Set out below is a summary of the major provisions of the PRC Company Law, the Overseas Listing Trial Measures, and Guidelines for Articles of Association of Listed Companies.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable for its debts with all its property.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

Share Capital

The promoters of a company may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out. Under the Company Law, when a company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters: (1) the name and domicile of a shareholder; (2) the type and number of shares held by each shareholder; (3) the serial number of the shares held by each shareholder, if issued in paper form; and (4) the date on which each shareholder acquired the shares.

Allocation and issuance of shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. Shares may be offered at a price equal to or greater than, but not less than, par value.

The domestic enterprises that engage in the overseas issuance and listing of securities shall, in accordance with the Overseas Listing Trial Measures, submit to the CSRC a filing report, legal opinions and other relevant materials that truly, accurately and completely describe shareholder information and other circumstances for the record. In case of the direct overseas issuance and listing of domestic enterprises, the issuer shall report the matter to the CSRC for the record. In case of the indirect Overseas Issuance and Listing of domestic enterprises, the issuer shall designate a major domestic operating entity as the domestic responsible person to report the matter to the CSRC for the record.

Increase in Share Capital

According to the Company Law, if a joint stock limited company issues new shares, the general meeting shall pass a resolution on the class and amount of new shares, the issuance price of the new shares, the commencement and termination dates of the issuance of the new shares and the class and amount of new shares to be issued to existing shareholders. When a company is approved by the securities supervision and administration department under the State Council to issue new shares to the public, it shall publish the document, its financial and accounting statements, and shall prepare the subscription form. Upon full receipt of the proceeds from the company's newly issued shares, the company shall carry out alteration registration with the company registration authority and shall make a public announcement.

After the issue of new shares the company has been paid up, the change must be registered with the company registration authorities and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company. Reduction of Share Capital

When a company needs to reduce its registered capital, it shall prepare a statement of financial position and a property list. The company shall inform its creditors within 10 days and publish an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution of the shareholders' meeting approving the reduction of registered capital has been passed. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not repurchase its own shares other than for one of the following purposes:

(i) to reduce its registered capital;

(ii) to merge with another company that holds its shares;

(iii) to grant its shares to its employees for the purpose of implementing the employee stock ownership plan or share incentive scheme;

(iv) to repurchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at the general meeting;

(v) to use for the conversion of the convertible corporate bonds issued by the listed company; and

(vi) to protect the value of the company and the rights and interests of shareholders of the listed company as required.

The acquisition of shares on the grounds set out in (i) to (ii) above shall be approved by the resolution of general meeting. The repurchase of its shares in cases (iii), (v) or (vi) above shall require a resolution of the board of directors by two-thirds of the directors present at

the board meeting, in accordance with the provisions of the articles of association of the company or as authorized by the general meeting.

Following the repurchase of its shares in accordance with (i) above, such shares shall be canceled within 10 days from the date of repurchase; the shares repurchased in the case of (ii) or (iv) above shall be transferred or canceled within six months. The total number of shares held by the company after share repurchase under the circumstances in (iii), (v) or (vi) above shall not exceed 10% of the total number of the company's issued shares, and shall be transferred or canceled within three years.

A listed company that repurchases its own shares shall fulfill its disclosure obligations in accordance with the provisions of the Securities Law. If a share repurchase is made pursuant to (iii), (v) or (vi) above, it shall be publicly traded in a centralized manner.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and senior management shall declare to the company their shareholdings in the Company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the Company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the Company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the Company.

Shareholders

Under the Company Law and the Guidelines for Articles of Association, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the Company's articles of association, share register, counterfoil of Company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports and to make proposals or enquiries on the Company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- in the event of the termination or liquidation of the Company, the right to participate in the distribution of the residual properties of the Company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the Company's articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. Under the Company Law, the general meeting exercises the following powers and functions:

- to elect or replace the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- to review and approve reports of the board;
- to review and approve reports of the supervisory committee;
- to review and approve profit distribution plans and loss recovery plans;
- to make resolutions concerning the increase or reduction of the registered capital;
- to resolve on the issue and listing of corporate bonds and other securities;
- to decide on issues such as merger, division, dissolution, liquidation and structure change;
- to modify the articles of association; and
- other powers and functions stipulated by the articles of association.

The annual general meeting is required to be convened once a year. Under the Company Law, an extraordinary general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total share capital;
- shareholders alone or in aggregate holding 10% or more of the Company's shares request for the convening of an extraordinary general meeting;
- the board considers it necessary;
- the supervisory committee proposes to hold; or
- other circumstances stipulated by the articles of association.

Under the Company Law, general meetings shall be convened by the board, and presided over by the chairman of the board. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or does not perform his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or does not perform its duties of convening the general meetings, the supervisory committee shall convene and preside over such meetings in a timely manner. In case the supervisory committee fails to convene and preside over such meetings, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meetings.

Under the Company Law, notice of general meetings shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. According to the Guidelines for Articles of Association, after the notice of the General Meeting is given, without cogent reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. Once the general meeting is adjourned or canceled, the convener shall make public announcement and explain the reasons at least 2 working days before the original holding date.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in Shareholders' meetings. According to the Guidelines for Articles of Association, the board of directors and the board secretary shall cooperate for the general meeting convened by the supervisory committee or the Shareholders on their own. When the general meeting is held, all the directors, supervisors and board secretary of the company shall attend the meeting, while the general manager and other senior management shall attend as a non-voting delegate.

According to the Guidelines for Articles of Association, the shareholders holding more than 3% of the shares of the Company separately or jointly may raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall supplement the notice of general meeting in 2 days after receiving the proposal and publicize the content of the temporary proposal.

Under the Company Law, shareholders present at general meetings have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the general meetings and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidelines for Articles of Association, resolutions of the general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the equity incentive plans; (iv) the amount of purchase or disposal of major assets or guarantee of the company within one year exceeding thirty percent of the company's total audited assets for the most recent period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution, according to the laws, administrative regulations or the articles of association.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the general meetings. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of the directors shall be prescribed by the articles of association, provided that each term may not exceed 3 years. Upon the expiration of the term, the directors may be re-elected and serve consecutive terms. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers and functions:

- to convene the general meetings and report on its work to the general meetings;
- to implement the resolutions of general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the profit distribution plan and loss recovery plan of the Company;
- to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of corporate bonds;
- to develop the scheme on the merger, separation, dissolution and change of company form of the Company;
- to make decisions on the establishment of the company's internal management departments;
- to make decisions on hiring or dismissing the company's manager and his salary and compensation, and, according to the nomination of the manager, deciding on the hiring or dismissal of vice manager(s) and the persons in charge of finance as well as their salaries and compensations;
- to formulate the basic management system of the Company; and
- any other powers and functions stipulated by the articles of association.

Meetings of the Board of Directors

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the supervisory committee. The chairman of the board shall convene and preside over a board meeting within ten days after receiving the proposal. No meeting of the board of directors may be held unless a majority of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. In the voting process, one director shall represent one vote. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board of Directors

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualifications of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been sentenced to criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or deprived of political rights for crime, and five years have not elapsed since the completion date of the execution of the penalty, or two years have not elapsed since the expiration of the probation period for suspended sentence, if applicable;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation;
- a person who is listed as a dishonest party subject to enforcement by the people's court for failure to pay a relatively large amount of debts when they become due.

Other unsuitable circumstances for directorships are detailed in the Guidelines for Articles of Association.

Supervisory Committee

A joint stock limited company may establish an audit committee composed of directors of the board of directors in accordance with the company's bylaw which exercises the functions of the board of supervisors specified in this Law, and is not required to have a board of supervisors or supervisors.

A joint stock limited company that is small or has a small number of shareholders is not required to establish a board of supervisors but shall have one supervisor who exercises the functions of the board of supervisors as provided for in this Law.

Except for the above-mentioned two special circumstances, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. A director and a senior officer of the company shall not serve concurrently as a supervisor.

The supervisory committee shall have a chairman and may have a vice chairman. The chairman and deputy chairman of the supervisory committee shall be elected by more than half of all supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to perform his/her duties, the vice chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

Each term of a supervisor shall be three years, and a supervisor may continue to serve his post if he is re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory committee shall convene a meeting at least every six months. According to the Company Law, the supervisory committee shall make resolutions with the consent of a majority of all supervisors.

The supervisory committee exercises the following functions and power:

- to review the company's financial position;
- to supervise the directors and senior management in the performance of their duties and to propose the dismissal of directors or senior management who violate laws, regulations, the articles of association or resolutions of the general meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the Company Law;
- to initiate proposals for resolutions to general meetings;
- to initiate proceedings against directors and senior management; and
- other powers and functions stipulated by the articles of association.

The supervisors may attend the meetings of the board, and may inquire about or put forth proposals on matters covered by resolutions of the board. The supervisory committee may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Pursuant to the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of the Directors, Supervisors and Senior management

Directors, supervisors and senior management of the Company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the Company. The directors, supervisors and senior management are prohibited from:

- embezzling the property of the company and misappropriating the funds of the company;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- taking advantage of power to accept bribes or other illegal income;
- accepting and possessing commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the Company;
- other acts in violation of the duty of loyalty to the company.

Where a director, supervisor or senior management member directly or indirectly enters into or conducts a transaction with the Company, he or she shall report the relevant particulars of such transaction to the board of directors or the shareholders' meeting and obtain approval by resolution of the board of directors or the shareholders' meeting in accordance with the articles of association of the Company.

If any close relative of a director, supervisor or senior management member, any enterprise directly or indirectly controlled by a director, supervisor or senior management member or his/her close relative, or any other affiliate having an affiliation relationship with a director, supervisor or senior management member enters into or conducts a transaction with the Company, the provisions of the preceding paragraph shall apply.

Directors, supervisors and senior management shall not take advantage of his position to take a business opportunity belonging to the company for himself or another person, except under any of the following circumstances:

- which has been reported to the board of directors or the shareholders' meeting and received approval by resolution of the board of directors or the shareholders' meeting according to the Company's articles of association.
- the company is unable to take the business opportunity according to laws, administrative regulations, or the Company's articles of association.

Directors, supervisors and senior management shall not conduct the same kind of business as the company on his own account or on the account of another person, without reporting to the board of directors or the shareholders' meeting, without approval by resolution of the board of directors or the shareholders' meeting according to the Company's articles of association.

Directors, supervisors and senior management who contravene any law, regulation or the Company's articles of association in the performance of his/her duties and result in any loss to the Company shall be personally liable to the Company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. The Company shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The Company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the Company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the Company for inspection by the shareholders at least 20 days before the convening annual general meeting. The joint stock limited company that has publicly issued its shares shall also publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a Shareholders' meeting, allocate funds from the after-tax profits to the discretionary common reserve fund.

For the remaining after-tax profits after making up losses and allocation of common reserve fund, a joint stock limited company shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the Company shall not be entitled to any distribution of profit.

A company's premium from the issuance of stocks at a price above the par value of the stocks, proceeds of issuance of no-par shares which have not been included in registered capital, and other items listed in the capital reserve under provisions of the treasury department of the State Council shall be listed as the company's capital reserve.

The Company's reserve fund shall be applied to make up losses of the Company, expand its business operations or be converted to increase the registered capital of the company.

When the company's losses are covered with common reserves, the discretionary common reserve and the statutory common reserve shall first be used; if they are insufficient, the capital common reserve may be used according to the applicable provisions.

Upon the conversion of statutory common reserve fund into increasing the registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

According to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of a company shall be determined by the general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, the board of directors or the board of supervisors conducts a vote on the dismissal of the accounting firm. The company shall provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

According to the Guidelines for Articles of Association, the Company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports. The audit fee of an accounting firm shall be decided by the general meeting.

Profit Distribution

According to the Company Law, the Company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Revision of the Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In the event of a company registration, the amendments to the articles of association shall be registered with the relevant registration authorities. Pursuant to the Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances: (i) where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended; (ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and (iii) where the shareholders' general meeting decides to amend the articles of association.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred; (ii) the general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses to shareholders.

In the event of (i) or (ii) above, and the company has not distributed property to shareholders, it may continue to exist by amending the company's bylaw or with approval by resolution of the shareholders' meeting. For the amendment of the articles of association in accordance with provisions set out above, a joint stock limited company shall require approval of more than two thirds of voting rights of shareholders attending the general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation committee shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation group shall be composed of directors, unless otherwise provided for by the company's bylaw or a resolution of the shareholders' meeting. If a liquidation committee is not established within the stipulated period, an interested party may apply to the people's court and request the court to appoint relevant personnel to form the liquidation committee. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee shall exercise the following functions and power during liquidation:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the outstanding business of the Company in connection with liquidation;
- to settle all outstanding tax payment and the tax payment which arise in the course of the liquidation process;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off;
- to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his/her claim and furnish evidence. The liquidation committee shall register such claims. The liquidation committee shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the trustee in bankruptcy designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration.

The members of a liquidation group shall perform the duty of liquidation and have obligations of fidelity and diligence.

A member of the liquidation group shall be liable for compensation for losses caused to the company, if any, by his slackness in performing the duty of liquidation, or to creditors, if any, with intent or by gross negligence.

Overseas Listing

According to the Overseas Listing Trial Measures, overseas listing of a company shall be filed with CSRC. Where an issuer conducts an overseas initial public offering or listing, it shall file with CSRC within 3 working days after submitting the issuance and listing application documents overseas. The remittance and cross-border flow of funds related to overseas issuance and listing of domestic enterprises shall comply with national regulations on cross-border investment and financing, foreign exchange management and cross border RMB management.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

THE PRC SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities- related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory

provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》, the "PRC Securities Law") took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The PRC Securities Law, which was revised on December 28, 2019 and came into effect on March 1, 2020, is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities, and takeovers by listed companies.

Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was last amended on September 12, 2025 and will become effective on March 1, 2026. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration commission after verification by collegial bench formed by the people's court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including but without limitation to where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which went into effect on February 1, 2000. The arrangement reflects the spirit of the New York Convention. Under the arrangements, the courts of the Hong Kong SAR have agreed to enforce arbitration awards made by mainland Chinese arbitration organisations in accordance with the Arbitration Law of the People's Republic of China, and people's courts of Chinese Mainland have agreed to enforce arbitration awards made in the Hong Kong SAR in accordance with the Arbitration Ordinate of the Hong Kong SAR. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the mainland will be against public interests of the mainland, or the court of Hong Kong SAR decides that the enforcement of the arbitral awards made by mainland Chinese arbitration organisations in Hong Kong SAR will be against public policies of Hong Kong SAR, the awards may not been forced. The Supreme People's Court of China adopted the Supplementary Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and Hong Kong SAR (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (the "**Supplemental Arrangement**") on November 11, 2020. The Supplemental Arrangement mainly provide additional provisions to the Arrangement on Mutual Enforcement of Arbitral Awards between Chinese Mainland and Hong Kong SAR (《關於內地與香港特別行政區相互執行仲裁裁決的安排》). Articles 1 and 4 of the Supplemental Arrangement shall come into effect on November 27, 2020, while articles 2 and 3 shall come into effect on a date to be announced by the Supreme People's Court.

Judicial Judgment and its Enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

Shares

Issue of Shares

The shares of the Company take the form of share certificates

The issue of the Company's shares shall adhere to the principles of openness, fairness and justice, and each share of the same class shall carry the same rights. Shares of the same class issued at the same time shall be issued on the same terms and at the same price; Subscribers shall pay the same price for each share subscribed for.

The shares issued by the Company shall have a par value denominated in RMB, with a par value of RMB1.00 per share. All classes of shares issued by the Company (including unlisted domestic shares and overseas listed shares) shall rank pari passu in any distribution made in the form of dividends or otherwise.

Increase or Decrease and Repurchase of Shares

The Company may, in light of its operational and development needs and in accordance with the provisions of laws and regulations, increase its capital in the following ways, upon a resolution passed at a general meeting:

(i) issuing shares to the public;

(ii) issuing shares to specified parties;

(iii) distributing bonus shares to existing shareholders;

(iv) capitalising reserves into share capital;

(v) other methods stipulated by laws, administrative regulations, the CSRC, the National Equities Exchange and Quotations, and the securities regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. To reduce its registered capital, the Company shall follow the procedures stipulated in the Company Law, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The Company shall not acquire its own shares. Save for the following circumstances:

(i) to reduce the Company's registered capital;

(ii) to merge with another company that holds shares in the Company;

(iii) to use the shares for employee share ownership schemes or equity incentive schemes;

(iv) where a shareholder objects to a resolution of the general meeting on the merger or division of the Company and requests that the Company acquire his/her/its shares.

(v) to use the shares for the conversion of corporate bonds issued by the Company that are convertible into shares;

(vi) where it is necessary for the Company to safeguard its value and the rights and interests of its shareholders;

(vii) other circumstances permitted by laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company may acquire its own shares through public centralized trading, or by other means approved by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the CSRC (if required).

Where the Company acquires its own shares under the circumstances stipulated in items (iii), (v) and (vi) above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its own shares under the circumstances stipulated in items (i) and (ii) above, a resolution shall be passed at a general meeting; Where the Company acquires its own shares under the circumstances stipulated in items (iii), (v) and (vi) above, it may do so in accordance with the provisions of the Articles of Association or as authorized by the general meeting, by a resolution passed at a Board meeting attended by two-thirds or more of the directors.

After the Company acquires its own shares in accordance with the provisions above, if the acquisition falls under item (i), the shares shall be cancelled within ten days from the date of acquisition; if it falls under items (ii) and (iv), the shares shall be transferred or cancelled within 6 months; if it falls under items (iii), (v) and (vi), the total number of the Company's shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and such shares shall be transferred or cancelled within three years.

Transfer of Shares

The Company's shares shall be transferable in accordance with the law.

Shares issued by the Company prior to its [**REDACTED**] shall not be transferred within one year from the date on which the Company's shares commence [**REDACTED**] on the HKEX.

Directors and senior management of the Company shall declare to the Company the shares they hold in the Company and any changes thereto. During their term of office, the number of shares transferred by them annually shall not exceed 25% of the total number of shares of the same class they hold in the Company; the shares they hold in the Company shall not be transferred within one year from the date on which the Company's shares are listed and traded. Within six months after their departure, the aforementioned persons shall not transfer the shares they hold in the Company.

Where laws, administrative regulations, the Hong Kong Listing Rules, relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, or the CSRC provide otherwise for the transfer of the Company's shares held by shareholders, such provisions shall prevail.

SHAREHOLDERS AND GENERAL MEETINGS

General Provisions for Shareholders

The Company shall establish a register of shareholders based on the credentials provided by the securities registration and clearing institution, and the register of shareholders shall be sufficient evidence of the shareholders' holdings of the Company's shares. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold; Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Any alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is kept.

The Company shall keep a duplicate copy of the register of shareholders of overseas listed shares at its domicile; The entrusted overseas agent shall at all times ensure the consistency between the original and the duplicate copy of the register of shareholders of

overseas listed shares. The register of shareholders kept in Hong Kong must be available for inspection by shareholders, but the Company may be permitted to suspend the registration of shareholders in accordance with terms equivalent to Section 632 of the Companies Ordinance (Chapter 622).

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other forms of profit distribution in proportion to their shareholdings;

(ii) to request, convene, preside over, attend or appoint a shareholder's proxy to attend a general meeting in accordance with the law, and to exercise the corresponding voting rights;

(iii) to supervise the Company's operations and to make suggestions or inquiries;

(iv) to transfer, gift or pledge the shares they hold in accordance with the provisions of laws, administrative regulations and the Articles of Association;

(v) to inspect and copy the Company's Articles of Association, the register of shareholders, minutes of general meetings, resolutions of Board meetings, and financial and accounting reports, and shareholders who meet the prescribed conditions may inspect the Company's accounting books and vouchers;

(vi) upon the termination or liquidation of the Company, to participate in the distribution of the Company's remaining assets in proportion to their shareholdings;

(vii) to demand that the Company acquire his/her/its shares if he/she/it objects to a resolution of the general meeting on the merger or division of the Company;

(viii) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Shareholders of the Company shall undertake the following obligations:

(i) to abide by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(ii) to pay for the shares subscribed for in accordance with the subscription and contribution method;

(iii) not to withdraw their share capital, except in circumstances stipulated by laws and regulations;

(iv) not to abuse their shareholder rights to the detriment of the interests of the Company or other shareholders; not to abuse the Company's independent legal personality and the limited liability of shareholders to the detriment of the interests of the Company's creditors;

(v) other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If a Company shareholder abuses their shareholder rights and causes losses to the Company or other shareholders, they shall be liable for compensation in accordance with the law. If a Company shareholder abuses the Company's independent legal personality and the limited liability of shareholders to evade debts and seriously harms the interests of the Company's creditors, they shall bear joint and several liability for the Company's debts.

Controlling Shareholders and De Facto Controllers

The Company's controlling shareholders and de facto controllers shall comply with the following provisions:

(i) to exercise their shareholder rights in accordance with the law, and not to abuse their controlling power or use their related party (connected) relationships to harm the legal rights and interests of the Company or other shareholders;

(ii) to strictly fulfill public statements and all commitments made, and not to alter or waive them without authorization;

(iii) to strictly fulfill information disclosure obligations in accordance with relevant regulations, to actively cooperate with the Company in its information disclosure, and to promptly inform the Company of any material events that have occurred or are proposed;

(iv) not to appropriate the Company's funds in any way;

(v) not to compel, instruct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) not to use the Company's undisclosed material information to seek benefits, not to disclose any undisclosed material information related to the Company in any way, and not to engage in illegal and non-compliant activities such as insider trading, short-swing trading, or market manipulation;

(vii) not to harm the legal rights and interests of the Company and other shareholders through any means such as unfair related party (connected) transactions, profit distribution, asset reorganisation, or external investments;

(viii) to ensure the integrity of the Company's assets, the independence of its personnel, finances, organisation and business, and not to affect the Company's independence in any way;

(ix) other provisions of laws, administrative regulations, CSRC regulations, the business rules of the National Equities Exchange and Quotations system, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the controlling shareholders and de facto controllers violate relevant laws, regulations and the provisions of the Articles of Association, causing losses to the Company and other shareholders, they shall be liable for compensation.

If the Company's controlling shareholder or de facto controller does not serve as a director of the Company but actually carries out the Company's affairs, the provisions of the Articles of Association regarding the directors' duties of loyalty and diligence shall apply.

If the Company's controlling shareholder or de facto controller instructs a director or senior management member to engage in acts that harm the interests of the Company or its shareholders, they shall bear joint and several liability with that director or senior management member.

General Provisions for General Meetings

The Company's general meeting shall be composed of all shareholders. The general meeting is the organ of authority of the Company and shall exercise the following powers in accordance with the law:

(i) to elect and replace directors who are not employee representatives and to decide on matters concerning their remuneration;

(ii) to consider and approve the reports of the Board of Directors;

(iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) to pass resolutions on the increase or decrease of the Company's registered capital;

(v) to pass resolutions on the issue of corporate bonds;

(vi) to pass resolutions on the merger, division, dissolution, liquidation or change of the Company's form;

(vii) to amend the Articles of Association;

(viii) to pass resolutions on the appointment or dismissal of the accounting firm that undertakes the Company's audit business;

(ix) to consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;

(x) to consider and approve matters such as material transactions and related party (connected) transactions of the Company which are required to be considered by the general meeting;

(xi) to consider matters relating to the purchase or sale of material assets by the Company within one year that exceeds 30% of the Company's latest audited total assets;

(xii) to consider and approve matters concerning changes in the use of proceeds;

(xiii) to consider equity incentive schemes and employee share ownership schemes;

(xiv) to consider other matters that are required to be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, the business rules of the National Equities Exchange and Quotations system, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Unless otherwise provided by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the business rules of the National Equities Exchange and Quotations system, the above powers and functions of the general meeting shall not be delegated to the Board of Directors or other institutions or individuals for exercise.

When the Company provides external guarantees, they shall be submitted to the Company's Board of Directors for consideration. In any of the following circumstances, they shall also be submitted to the Company's general meeting for consideration:

(i) any single guarantee with an amount exceeding 10% of the Company's latest audited net assets;

(ii) any guarantee provided after the aggregate amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the Company's latest audited net assets;

(iii) any guarantee provided for a guaranteed party with an asset-liability ratio exceeding 70%;

(iv) any guarantee where the aggregate amount of guarantees over a consecutive twelve-month period exceeds 30% of the Company's latest audited total assets;

(v) other guarantees stipulated by the CSRC, the National Equities Exchange and Quotations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If the Company provides a guarantee for a wholly-owned subsidiary, or provides a guarantee for a controlled subsidiary where other shareholders of the controlled subsidiary provide a guarantee in the same proportion according to the rights and interests they enjoy, and it does not harm the interests of the Company, the application of items (i) to (iii) of the first paragraph of this article may be waived, unless otherwise provided by laws, regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

When the Company provides guarantees for related (connected) parties, such guarantees shall have a reasonable commercial logic, be disclosed in a timely manner after approval by the Board of Directors, and be submitted to the general meeting for consideration. When the Company provides a guarantee for its controlling shareholder, de facto controller and their related (connected) parties, the controlling shareholder, de facto controller and their related (connected) parties shall provide a counter-guarantee.

General meetings are divided into annual general meetings and extraordinary general meetings. An annual general meeting shall be held once a year and within six months after the end of the previous financial year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(i) when the number of directors is less than the number required by the Company Law or two-thirds of the number specified in the Articles of Association;

(ii) when the Company's uncovered losses reach one-third of the total share capital;

(iii) upon the request of a shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares;

(iv) when the Board of Directors deems it necessary;

(v) when the Audit Committee proposes to convene a meeting;

(vi) other circumstances stipulated by laws, administrative regulations, departmental rules, the business rules of the National Equities Exchange and Quotations system, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of General Meetings

The Board of Directors shall convene the general meeting within the prescribed period.

With the consent of more than half of all independent directors, the independent directors have the right to propose to the Board of Directors that an extraordinary general meeting be convened. In response to a proposal from independent directors to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response agreeing or disagreeing to convene the extraordinary general meeting within ten days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the extraordinary general meeting within five days of

the Board's resolution; if the Board of Directors disagrees to convene an extraordinary general meeting, it shall explain the reasons and make an announcement.

The Audit Committee shall propose to the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary general meeting within ten days of receiving the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the extraordinary general meeting within five days of the Board's resolution, and any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to respond within ten days of receiving the proposal, the Board of Directors shall be deemed unable or failing to perform its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

A shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares shall request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response agreeing or disagreeing to convene an extraordinary general meeting within ten days of receiving the request.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the extraordinary general meeting within five days of the Board's resolution, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to respond within ten days of receiving the request, a shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares shall propose to the Audit Committee that an extraordinary general meeting be convened, and shall submit the request to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the general meeting, and a shareholder or shareholders holding, individually or jointly, 10% or more of the Company's shares for ninety consecutive days or more may convene and preside over the meeting on their own.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail, provided that they do not violate domestic laws, administrative regulations and the Articles of Association.

If the Audit Committee or shareholders decide to convene a general meeting on their own, they must notify the Board of Directors in writing. Before the announcement of the resolution of the general meeting, the shareholding percentage of the convening shareholders shall not be less than 10%.

For a general meeting convened by the Audit Committee or shareholders themselves, the Board of Directors and the secretary to the Board of Directors shall provide cooperation. The Board of Directors will provide the register of shareholders for the record date.

For a general meeting convened by the Audit Committee or shareholders themselves, the necessary expenses for the meeting shall be borne by the Company.

Proposals and Notices of General Meetings

The content of a proposal shall fall within the scope of powers of the general meeting, have a clear topic and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

When the Company convenes a general meeting, the Board of Directors, the Audit Committee, and shareholders holding, individually or jointly, 1% or more of the Company's shares have the right to submit proposals to the Company.

A shareholder or shareholders holding, individually or jointly, 1% or more of the Company's shares may submit a supplementary proposal in writing to the convener ten days before the general meeting is held. The convener shall, within two days of receiving the proposal, issue a supplementary notice of the general meeting to announce the content of the supplementary proposal and submit such supplementary proposal to the general meeting for consideration. This shall not apply if the supplementary proposal is in violation of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or if the subject matter of the proposal does not fall within the scope of powers of the general meeting.

Except in the circumstances stipulated in the preceding paragraph, the convener shall not amend the proposals already listed in the notice of the general meeting or add new proposals after issuing the announcement of the notice of the general meeting.

Proposals not listed in the notice of the general meeting or not in compliance with the provisions of the Articles of Association shall not be voted on and no resolution shall be made thereon at the general meeting.

The convener shall notify all shareholders by way of announcement twenty-one days before an annual general meeting and fifteen days before an extraordinary general meeting.

When calculating the notice period, the Company shall not include the day on which the meeting is to be held, but shall include the day on which the notice is issued.

After the notice of a general meeting has been issued, the general meeting shall not be postponed or cancelled without a valid reason, and the proposals listed in the notice of the general meeting shall not be cancelled. If postponement or cancellation is indeed necessary, the Company shall make an announcement at least two trading days before the originally scheduled date of the general meeting and provide a detailed explanation of the reasons.

Convening of the General Meeting

All shareholders registered on the share registration date or their proxies are entitled to attend the general meeting, speak at the meeting, and exercise voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

A shareholder may attend the general meeting in person or entrust a proxy to attend and vote on their behalf.

An individual shareholder attending the meeting in person shall present his/her ID card or other valid documents or proof that can establish his/her identity; a proxy attending the meeting on behalf of a shareholder shall present his/her own valid identification document and the shareholder's power of attorney.

A corporate shareholder shall be represented at the meeting by its legal representative or a proxy entrusted by the legal representative. A legal representative attending the meeting shall present their ID card and valid proof of their status as a legal representative; a proxy attending the meeting shall present his/her own identification document and a written power of attorney duly issued by the legal representative of the corporate shareholder.

A shareholder that is another organization shall be represented at the meeting by its legally designated responsible person or a proxy entrusted by such person. A responsible person attending the meeting shall present his/her ID card and valid proof of his/her status as a responsible person; a proxy attending the meeting shall present his/her own ID card and a written power of attorney duly issued by the responsible person of the shareholder that is another organization. If the responsible person of such a shareholder is not a natural person, its legal responsible person shall attend the meeting and present his/her ID card and valid proof of such status.

If a shareholder is a recognized clearing house (or its nominee) as defined in the relevant ordinances from time to time in force in Hong Kong, such shareholder may authorize its corporate representative or such person or persons as it thinks fit to act as its representative at any general meeting or creditors' meeting; However, if more than one person is so authorized, the power of attorney or authorization shall specify the number and class of shares in respect of which each such person is so authorized, and the authorization shall be signed by an authorized person of the recognized clearing house. A person so authorized may, on behalf of the recognized clearing house (or its nominee), attend meetings (without producing evidence of holding of shares, a notarized power of attorney and/or further evidence to prove that he is duly authorized) and exercise the same statutory rights as other shareholders, including the rights to speak and to vote, as if such person were an individual shareholder of the Company.

The general meeting shall be presided over by the chairman of the Board. If the chairman is unable or fails to perform his duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

A general meeting convened by the Audit Committee on its own initiative shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee.

A general meeting convened by shareholders on their own initiative shall be presided over by the convener or a representative elected by them.

When a general meeting is held, if the chairman of the meeting violates the rules of procedure, making it impossible for the general meeting to continue, the general meeting may, with the consent of shareholders present holding a majority of the voting rights, elect a person to act as the chairman of the meeting and continue the meeting.

The convener shall ensure that the general meeting is held continuously until a final resolution is reached. If a general meeting is suspended or cannot reach a resolution due to special reasons such as force majeure, necessary measures shall be taken to resume the general meeting as soon as possible or to terminate the current general meeting directly, and an announcement shall be made in a timely manner.

Voting and Resolutions of the General Meeting

Resolutions of the general meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution of the general meeting shall be passed by more than half of the voting rights held by the shareholders present at the general meeting.

A special resolution of the general meeting shall be passed by two-thirds or more of the voting rights held by the shareholders present at the general meeting.

The following matters shall be passed by an ordinary resolution at a general meeting:

(i) the work report of the Board of Directors;

(ii) the profit distribution plans and loss recovery plans proposed by the Board of Directors;

(iii) the appointment and removal of members of the Board of Directors and their remuneration and payment methods;

(iv) other matters that are not required to be passed by a special resolution by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be passed by a special resolution at a general meeting:

(i) the increase or reduction of the Company's registered capital;

(ii) the division, spin-off, merger, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) any purchase or sale of material assets by the Company or provision of guarantee to others within one year where the amount exceeds 30% of the Company's latest audited total assets;

(v) equity incentive plans;

(vi) other matters that are required to be passed by a special resolution as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, as well as those matters determined by the general meeting by an ordinary resolution to have a material impact on the Company.

BOARD OF DIRECTORS

General Provisions for Directors

Directors are elected or replaced by the general meeting, and may be removed from office by the general meeting before the expiration of their term. The term of office of a Director shall be three years. Upon the expiration of a director's term of office, he/she is eligible for re-election.

A director's term of office shall commence on the date of his/her assumption of office and expire upon the end of the term of the then current session of the Board of Directors. If a successor to a Director is not elected in a timely manner upon the expiration of his/her term of office, the original director shall continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Director takes office.

Directors may concurrently hold positions as senior management personnel, provided that the aggregate number of directors who are also senior management personnel and directors who are employee representatives shall not exceed one-half of the total number of directors of the Company.

The Board of Directors shall include one employee representative of the Company. The employee representative on the Board of Directors shall be democratically elected by the employees of the Company through the employee representative congress, the employee assembly or other forms, and need not be submitted to the general meeting for deliberation.

Directors shall comply with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, owe a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not use their position to seek improper benefits.

A director owes the following duties of loyalty to the Company:

(i) shall not misappropriate the Company's property or embezzle the Company's funds;

(ii) shall not deposit the Company's funds in an account opened in his/her own name or in the name of another individual;

(iii) shall not use his/her position to solicit bribes or receive other illegal income;

(iv) shall not, without reporting to the Board of Directors or the general meeting and obtaining approval by a resolution of the Board of Directors or the general meeting in accordance with the provisions of the Articles of Association, directly or indirectly enter into a contract or conduct a transaction with the Company;

(v) shall not take advantage of his/her position to seek for himself or for others any business opportunity that belongs to the Company, except where he has reported to the Board of Directors or the general meeting and the matter has been passed by a resolution of the general meeting, or where the Company is unable to take advantage of such business opportunity in accordance with laws, administrative regulations or the Articles of Association;

(vi) shall not, without reporting to the Board of Directors or the general meeting and having the matter passed by a resolution of the general meeting, engage in for his/her own account or for another person any business of the same type as that of the Company;

(vii) shall not accept for his/her own benefit any commission from a transaction of the Company with others;

(viii) shall not disclose the Company's secrets without authorization;

(ix) shall not use his/her related (connected) relationship to harm the interests of the Company;

(x) other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any income obtained by a director in violation of this article shall belong to the Company; if any loss is caused to the Company, he shall be liable for compensation.

The provisions of item (iv) above shall apply to close relatives of directors and senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives, and other related (connected) persons who have a related (connected) relationship with directors and senior management, when they enter into contracts or conduct transactions with the Company.

A director shall comply with laws, administrative regulations and the Articles of Association, owe a duty of diligence to the Company, and shall, in the performance of his/her duties, exercise the reasonable care ordinarily expected of a manager for the best interests of the Company.

A director owes the following duties of diligence to the Company:

(i) shall exercise the rights granted by the Company prudently, conscientiously and diligently to ensure that the Company's business conduct complies with the requirements of national laws, administrative regulations and various national economic policies, and that its business activities do not exceed the scope of business specified in its business license;

(ii) shall treat all shareholders fairly;

(iii) shall keep abreast of the Company's business operations and management status;

(iv) shall sign a written confirmation on the Company's periodic reports.shall ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall provide relevant information and materials to the Audit Committee truthfully and shall not obstruct the Audit Committee from exercising its powers and functions;

(vi) other duties of diligence stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Board of Directors

The Company shall have a Board of Directors, which shall consist of seven directors, including three independent directors, and one chairman of the Board.

The Board of Directors shall exercise the following powers and functions:

(i) to convene general meetings and to report on its work to the general meetings;

(ii) to implement the resolutions of the general meetings;

(iii) to decide on the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution plans and loss recovery plans;

(v) to formulate proposals for increasing or reducing the Company's registered capital, issuing bonds or other securities, and listing;

(vi) subject to compliance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, to formulate proposals for major acquisitions, repurchase of the Company's shares, or merger, division, dissolution and change of corporate form of the Company;

(vii) within the scope of authorization from the general meeting, to decide on the Company's external investments, acquisition or disposal of assets, mortgage of assets, external guarantees, entrusted wealth management, related party (connected) transactions, external donations and other matters;

(viii) to decide on the establishment of the Company's internal management structure;

(ix) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management personnel, and to determine their remuneration, rewards and penalties; based on the nomination of the general manager, to decide on the appointment or dismissal of the Company's deputy general managers, Chief Financial Officer and other senior management personnel, and to decide on their remuneration, rewards and penalties;

(x) to formulate the basic management system of the Company;

(xi) to formulate proposals for amendments to the Company's Articles of Association;

(xii) to manage the Company's information disclosure matters;

(xiii) to propose to the general meeting the appointment or replacement of the accounting firm for the Company's audit;

(xiv) to hear the work reports of the Company's general manager and to review the general manager's work;

(xv) to discuss and evaluate whether the Company's governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the Company's governance structure is reasonable and effective;

(xvi) to take effective measures to prevent and stop the occupation or transfer of the Company's funds, assets and other resources by controlling shareholders and related (connected) parties, so as to protect the legitimate rights and interests of the Company and other shareholders;

(xvii) other powers and functions granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the general meeting.

Matters exceeding the scope of authorization granted by the general meeting shall be submitted to the general meeting for deliberation.

Board meetings are divided into regular meetings and extraordinary meetings. The Board of Directors shall hold at least four meetings each year, to be convened by the chairman, with at least fourteen days' prior written notice given to all directors.

Shareholders representing one-tenth or more of the voting rights, one-third or more of the directors, more than half of the independent directors, or the Audit Committee may propose to convene an extraordinary Board meeting. The chairman of the Board shall convene and preside over a Board meeting within ten days of receiving the proposal.

For an extraordinary meeting of the Board of Directors, notice shall be given to all directors three days before the meeting by written form, email, WeChat or other lawful means.

In case of emergency where an extraordinary Board meeting needs to be convened as soon as possible, notice of the meeting may be given at any time by telephone or other oral means, but the convener shall provide an explanation at the meeting.

A meeting of the Board of Directors may be held only if more than half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all directors.

For voting on resolutions of the Board of Directors, each director shall have one vote.

Independent Directors

Independent directors shall, in accordance with the provisions of laws, administrative regulations, the CSRC, the NEEQ Company, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, conscientiously perform their duties, play a role in participating in decision-making, supervising and balancing, and providing professional consultation in the Board of Directors, safeguarding the overall interests of the Company, and protecting the

legitimate rights and interests of minority and small shareholders. There shall be at least three independent directors, among whom at least one shall be an accounting professional with appropriate professional qualifications or appropriate accounting or relevant financial management expertise, and at least one independent director shall be ordinarily resident in Hong Kong.

Independent directors and candidates for independent directorship must have independence. The following persons shall not serve as independent directors:

(i) persons holding positions in the Company or its controlled enterprises, and their immediate family members and principal social connections;

(ii) a natural person shareholder who directly or indirectly holds 1% or more of the Company's shares or is one of the top ten shareholders of the Company, and their immediate family members;

(iii) persons holding positions in a shareholder entity which directly or indirectly holds 5% or more of the Company's shares, or in any of the top five shareholder entities of the Company, and their immediate family members;

(iv) persons holding positions in the Company's controlling shareholder, de facto controller or enterprises controlled by them, and their immediate family members;

(v) persons who provide financial, legal, consulting, sponsorship or other services to the Company, its controlling shareholder, de facto controller or their respective controlled enterprises, including but not limited to all members of the project team of the intermediary firm providing such services, reviewers at all levels, signatories of any report, directors, senior management, partners and key persons-in-charge;

(vi) persons who serve as a director, supervisor or senior management in an entity that has significant business dealings with the Company, its controlling shareholder, de facto controller or their respective controlled enterprises, or in the controlling shareholder of such an entity;

(vii) persons who have fallen under any of the circumstances listed in the preceding six items within the last twelve months;

(viii) other persons deemed by the NEEQ Company to lack independence or other persons who do not comply with the provisions of the Hong Kong Listing Rules.

The enterprises controlled by the Company's controlling shareholder or de facto controller mentioned in items (iv) to (vi) above do not include enterprises that are controlled by the same state-owned asset management institution as the Company and do not constitute a related (connected) relationship with the Company in accordance with relevant regulations.

Independent directors shall conduct an annual self-assessment of their independence and submit the self-assessment report to the Board of Directors. The Board of Directors shall annually assess the independence of the incumbent independent directors, issue a special opinion thereon, and disclose it together with the annual report.

Independent directors and candidates for independent directorship shall meet the following conditions simultaneously:

(i) possessing the qualifications to serve as a director of the Company in accordance with laws, administrative regulations and other relevant provisions;

(ii) meeting the independence requirements stipulated in the Articles of Association;

(iii) possessing basic knowledge of the Company's operations, and being familiar with the provisions of relevant laws, regulations, departmental rules, normative documents, the business rules of the NEEQ system, and the securities regulatory rules of the place where the Company's shares are listed that are applicable to them as directors of a listed company;

(iv) having more than five years of work experience in law, economics, finance, management or other fields necessary for fulfilling the duties of an independent director;

(v) having good personal character and no record of major dishonesty or other adverse records;

(vi) other conditions stipulated by laws, administrative regulations, departmental rules, the business rules of the NEEQ system, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

As members of the Board of Directors, independent directors owe duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

(i) participating in the decision-making of the Board of Directors and expressing clear opinions on the matters discussed;

(ii) supervising potential material conflicts of interest between the Company and its controlling shareholder, de facto controller, directors, and senior management, and protecting the legitimate rights and interests of minority and small shareholders;

(iii) providing professional and objective advice on the Company's business development to improve the quality of the Board of Directors' decision-making;

(iv) other duties stipulated by laws, administrative regulations, rules of the CSRC, the business rules of the NEEQ system, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

In addition to the powers granted to directors by the Company Law and other relevant laws, regulations, departmental rules, normative documents, the business rules of the NEEQ system, and the securities regulatory rules of the place where the Company's shares are listed, the Company shall also grant the following special powers to its independent directors:

(i) Related party (connected) transactions that need to be submitted to the general meeting for deliberation shall be approved by the independent directors before being submitted to the Board of Directors for discussion. Before making a judgment, independent directors may engage an intermediary agency to issue an independent financial adviser's report;

(ii) to propose to the Board of Directors the appointment or dismissal of the accounting firm;

(iii) to request the Board of Directors to convene an extraordinary general meeting;

(iv) to solicit the opinions of minority and small shareholders, propose profit distribution plans, and submit them directly to the Board of Directors for deliberation;

(v) to propose the convening of a Board meeting;

(vi) to independently engage external audit and consulting firms;

(vii) to publicly solicit voting rights from shareholders before a general meeting is convened, provided that such solicitation is not conducted for consideration or in a disguised form for consideration.

The exercise by independent directors of the powers and functions listed in items (i) to (vi) above shall be subject to the consent of more than half of all independent directors.

The Company's independent directors shall express independent opinions on the following material matters of the Company:

(i) nomination, appointment and removal of directors;

(ii) appointment or dismissal of senior management;

(iii) remuneration of the Company's directors and senior management;

(iv) the formulation, adjustment, decision-making procedures, implementation and information disclosure of the Company's cash dividend policy, and whether the profit distribution policy harms the legitimate rights and interests of small and medium-sized investors;

(v) material matters that require disclosure, such as related party (connected) transactions, external guarantees (excluding guarantees provided to subsidiaries within the scope of consolidated financial statements), entrusted wealth management, external financial assistance, changes in the use of proceeds, the Company's autonomous changes in accounting policies, and investments in stocks and their derivatives;

(vi) major asset reorganisation, equity incentive schemes;

(vii) the Company's proposed application for the termination of its shares' listing on the NEEQ system, or its proposed application for its shares to be traded on other trading venues;

(viii) matters that independent directors believe may harm the legitimate rights and interests of small and medium-sized shareholders;

(ix) other matters stipulated by relevant laws and regulations, departmental rules, normative documents, the business rules of the NEEQ system, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Specialised Committees of the Board of Directors

The Company's Board of Directors shall establish an Audit Committee which shall exercise the powers and functions of a board of supervisors as stipulated in the PRC Company Law.

The Audit Committee shall comprise three members, all of whom shall be directors who do not hold any senior management position in the Company. At least two of such members shall be independent directors, at least one of whom shall be an accounting professional, and the convener shall be an independent director who is an accounting professional.

The Company's Board of Directors shall establish other specialised committees such as Strategy and ESG, Nomination, and Remuneration and Appraisal, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals from the specialised committees shall be submitted to the Board of Directors for deliberation and decision. The rules of procedure for the specialised committees shall be formulated by the Board of Directors.

Independent directors shall form the majority of the Nomination Committee and the Remuneration and Appraisal Committee, and an independent director shall act as the convener. However, where the relevant competent departments of the State Council provide otherwise for the convener of a specialised committee, such provisions shall prevail.

SENIOR MANAGEMENT

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have a certain number of deputy general managers, who shall be appointed or dismissed by the Board of Directors.

The Company's general manager, deputy general managers, secretary to the Board of Directors, and Chief Financial Officer are the senior management of the Company.

The provisions of the Articles of Association regarding circumstances disqualifying a person from serving as a director and the regulations on resignation management shall also apply to the Company's senior management.

In addition to complying with the provisions of the preceding paragraph, the Chief Financial Officer, as a senior management member, shall also possess the professional and technical qualification of an accountant or above, or have a professional accounting background and have been engaged in accounting work for more than three years.

The provisions of the Articles of Association regarding the duties of loyalty and diligence of directors shall also apply to senior management.

Information Disclosure

The Company shall, in accordance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, the business rules of the NEEQ system, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, disclose truthfully, accurately, completely, timely and continuously matters and information that may have a significant impact on the transfer price of the Company's shares.

The Company's Board of Directors is the body responsible for the Company's information disclosure. The secretary to the Board of Directors is the officer in charge of information disclosure, responsible for information disclosure affairs, preparation of Board meetings, investor relations management, and shareholder information management. The Company shall, as required by the securities regulatory rules of the place where its shares are listed, appoint compliance officers such as a (joint) company secretary and/or authorised representative (if applicable), and shall, in coordination with the secretary to the Board of Directors, perform information disclosure and compliance communication duties in the place of listing.

During the vacancy of the secretary to the Board of Directors, the Company shall designate a director or a senior management member to act as the person in charge of information disclosure affairs, and shall determine the candidate for the person in charge of information disclosure affairs within three months. Before the Company designates an acting person, the chairman of the Board shall act as the person in charge of information disclosure affairs. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise for the appointment, removal or vacancy arrangements of the Company secretary/authorised representative, the Company shall also comply with such provisions simultaneously.

Investor Relations Management

The Company shall establish an investor relations management system, treat all investors equally in accordance with the principles of fairness, openness, and justice, and timely disclose information such as the Company's corporate culture, development strategy, and business policies through various means such as announcements and the Company website, to protect the legitimate rights and interests of all investors. When conducting investor relations management and external communication, the Company shall comply with the provisions of the business rules of the NEEQ system and the securities regulatory rules of the place where the Company's shares are listed regarding information disclosure channels, simultaneous disclosure, and avoidance of selective disclosure.

The secretary to the Company's Board of Directors is the person responsible for investor relations management. Based on a comprehensive and in-depth understanding of the Company's operations, management, business status, and development strategy, he/she is responsible for planning, arranging, and organizing various investor relations management activities.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial and Accounting System

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations and the provisions of relevant state departments. Where the Hong Kong Listing Rules or other securities regulatory rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

When distributing its after-tax profits for the current year, the Company shall set aside 10% of its profits for the statutory reserve fund. If the accumulated amount of the Company's statutory reserve fund exceeds 50% of the Company's registered capital, no further appropriation is required.

If the Company's statutory reserve fund is not sufficient to make up for the losses of previous years, the profits of the current year shall first be used to make up for the losses before the statutory reserve fund is appropriated in accordance with the preceding paragraph.

After appropriating the statutory reserve fund from its after-tax profits, the Company may, upon a resolution of the general meeting, also appropriate a discretionary reserve fund from its after-tax profits.

The after-tax profit of the Company remaining after making up for losses and making appropriations to the common reserve fund shall be distributed to shareholders in proportion to their respective shareholdings, save as otherwise provided for in the Articles of Association.

If the general meeting distributes profits to shareholders in violation of the PRC Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The shares of the Company held by the Company itself shall not participate in profit distribution.

After the Company's general meeting passes a resolution on a profit distribution plan, the Board of Directors shall complete the distribution of dividends (or shares) within two months after the meeting is held.

Internal Audit

The Company may implement an internal audit system, specifying the leadership structure, duties and powers, staffing, funding guarantees, application of audit results, and accountability for internal audit work.

The Company's internal audit system shall be implemented upon approval by the Board of Directors and disclosed to the public.

The Company's internal audit department shall supervise and inspect matters such as the Company's business activities, risk management, internal control, and financial information.

The internal audit department is responsible to the Board of Directors.

Appointment of Accounting Firm

The Company shall engage an accounting firm that meets the requirements of the Securities Law, the Hong Kong Listing Rules and the other securities regulatory rules of the place where the Company's shares are listed to conduct business such as auditing financial statements, verifying net assets, and providing other related consulting services. The term of appointment is one year and is renewable.

The appointment and dismissal of an accounting firm by the Company shall be decided by the general meeting. The Board of Directors shall not appoint an accounting firm before a decision is made by the general meeting.

Notices

Notices of the Company shall be given in the following forms:

(i) by personal delivery;

(ii) by mail;

(iii) by way of announcement;

(iv) other forms recognised by the securities regulatory authorities of the place where the Company's shares are listed or stipulated in the Articles of Association.

With regard to the means by which the Company provides or sends corporate communications to shareholders as required by the Hong Kong Listing Rules, subject to compliance with the listing rules of the place of listing and the Articles of Association, the Company may also send corporate communications to shareholders by electronic means or by publishing information on the Company's website or the website of the stock exchange where its shares are listed.

A notice given by the Company by way of public announcement shall be deemed to have been received by all relevant persons once it is announced.

MERGER, DIVISION, CAPITAL REDUCTION, CAPITAL INCREASE, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

A merger of companies may take the form of a merger by absorption or a merger by new establishment.

A merger in which one company absorbs another is a merger by absorption, and the absorbed company is dissolved. A merger in which two or more companies merge to form a new company is a merger by new establishment, and the merging parties are dissolved.

In the event of a division of the Company, its assets shall be divided accordingly.

For a division of the Company, a balance sheet and a list of assets shall be prepared.

The debts of the Company prior to the division shall be borne jointly and severally by the companies existing after the division. However, this shall not apply where a written agreement reached between the Company and its creditors regarding the repayment of debts prior to the division provides otherwise.

When the Company reduces its registered capital, it shall correspondingly reduce the capital contributions or shares of the shareholders in proportion to their respective shareholdings, unless otherwise provided by law or the Articles of Association.

When the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive subscription rights, unless otherwise provided in the Articles of Association or it is resolved by the general meeting that shareholders shall have such rights.

In the event of a merger or division of the Company, if there is a change in the registered matters, an application for registration of such change shall be made to the Company registration authority in accordance with the law; If the Company is dissolved, an application for cancellation of the Company's registration shall be made in accordance with the law; If a new company is established, an application for registration of the establishment of the Company shall be made in accordance with the law.

If the Company increases or reduces its registered capital, an application for registration of such change shall be made to the Company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

(i) the term of operation stipulated in the Articles of Association expires or other grounds for dissolution stipulated in the Articles of Association arise;

(ii) a resolution for dissolution is passed by the general meeting;

(iii) dissolution is required due to a merger or division of the Company;

(iv) its business license is revoked, it is ordered to close down or it is cancelled in accordance with the law;

(v) the Company encounters serious difficulties in its operation and management, and its continued existence will cause substantial losses to the shareholders' interests, which cannot be resolved through other means, shareholders holding 10% or more of the voting rights of the Company may request a people's court to dissolve the Company.

Where the grounds for dissolution stipulated above arise for the Company, it shall, within 10 days, publicise the grounds for dissolution through the National Enterprise Credit Information Publicity System.

The liquidation committee shall, within 10 days from the date of its establishment, notify the creditors, and shall, within 60 days, make a public announcement in a newspaper that meets the requirements or on the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days from the date of receiving the written notice, or for those who have not received the written notice, within 45 days from the date of the public announcement, declare their claims to the liquidation committee.

When declaring their claims, creditors shall explain the relevant matters of the claims and provide supporting materials. The liquidation committee shall register the claims.

During the period for declaration of claims, the liquidation committee shall not make repayments to creditors.

After the liquidation committee has cleared up the Company's assets and prepared the balance sheet and the list of assets, it shall formulate a liquidation plan and submit it to the general meeting or the people's court for confirmation.

The remaining assets of the Company, after paying, in sequence, the liquidation expenses, employees' wages, social insurance premiums and statutory compensation, the taxes owed, and repaying the Company's debts, shall be distributed by the Company to the shareholders in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist, but it shall not carry out operating activities unrelated to the liquidation.

The Company's assets shall not be distributed to the shareholders before being used for repayment in accordance with the preceding paragraph.

Amendment of Articles of Association

The Company shall amend its Articles of Association under any of the following circumstances:

(i) after the PRC Company Law or relevant laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed are amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed;

(ii) the circumstances of the Company have changed, such that they are inconsistent with the matters recorded in the Articles of Association;

(iii) the general meeting resolves to amend the Articles of Association.

Any amendment to the Articles of Association approved by a resolution of the general meeting that is subject to examination and approval by the competent authorities shall be submitted to the competent authorities for approval; if it involves matters subject to registration by the Company, the change of registration shall be effected in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the PRC under the PRC Company Law as a limited liability company on December 27, 2017 and was converted into a joint stock limited liability company on December 31, 2019. Our registered office is at Shili Industrial Park, Sanhai Subdistrict, Lingshan County, Qinzhou, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區欽州市靈山縣三海街道十裡工業園). We have established a place of business in Hong Kong at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and have been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Ms. Choi Man Yee (蔡敏儀) has been appointed as the authorized representative of our Company for acceptance of the service of process and any notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, our operation, corporate structure and the Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the certain aspects of relevant laws and regulations of the PRC and our Articles of Association are set out, respectively, in "Regulatory Overview" in this document and "Appendix V — Summary of the Articles of Association" to this document.

2. Changes in the Share Capital of our Company

Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of our Subsidiaries

The following sets out the changes of the share capital of our subsidiaries within the two years immediately preceding the date of this document:

On July 16, 2024, Baifei (Nanning) Sales Co., Ltd.* (百菲(南寧)銷售有限公司) was established with a registered share capital of RMB1,000,000.

On August 26, 2024, the registered capital of Saishang Baifei increased from RMB8,800,000 to RMB40,000,000. Its registered capital was further increased to RMB100,000,000 on September 11, 2024, to RMB120,000,000 on February 14, 2025, and increased to RMB180,000,000 on June 30, 2025.

On September 13, 2024, Guangxi Baifei Animal Husbandry Co., Ltd.* (廣西百菲牧業有限公司) was established with a registered share capital of RMB300,000,000.

On September 30, 2024, Guangxi Guigang Baifei Dairy Farming Co., Ltd.* (廣西貴港百菲奶牛養殖有限公司) was established with a registered share capital of RMB50,000,000.

On October 14, 2024, Hunan Baifei Fresh Dairy was established with a registered share capital of RMB2,000,000.

On October 28, 2024, Baifei (Changsha) Sales Co., Ltd.* (百菲(長沙)銷售有限公司) was established with a registered share capital of RMB1,000,000.

On February 19, 2025, Chunfei E-commerce Technology (Hangzhou) Co., Ltd.* (醇菲電子商務科技(杭州)有限公司) was established with a registered share capital of RMB5,000,000.

On March 3, 2025, Baifei (Wenzhou) Sales Co., Ltd.* (百菲(温州)銷售有限公司) was established with a registered share capital of RMB1,000,000.

On March 18, 2025, Baifei (Shanghai) Dairy Products Sales Co., Ltd.* (百菲(上海)乳製品銷售有限公司) was established with a registered share capital of RMB1,000,000.

On March 26, 2025, Baifei (Hangzhou) Sales Co., Ltd.* (百菲(杭州)銷售有限公司) was established with a registered share capital of RMB1,000,000.

On March 31, 2025, Zhejiang Baifei Shanhai Sightseeing Ranch Co., Ltd.* (浙江百菲山海觀光牧場有限公司) was established with a registered share capital of RMB50,000,000.

On July 10, 2025, Guangxi Baifei Tianrui Seed Co., Ltd.* (廣西百菲天瑞種業有限公司) was established with a registered share capital of RMB20,000,000.

On April 29, 2026, Guangxi Baise Baifei Dairy Farming Co., Ltd.* (廣西百色百菲奶牛養殖有限公司) was established with a registered share capital of RMB10,000,000.

On June 25, 2026, Bolang Packaging established with a registered share capital of RMB10,000,000.

Save as disclosed above in this appendix, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. The Extraordinary General Meeting of our Company Held on July 8, 2026

Pursuant to an extraordinary general meeting of our Shareholders held on July 8, 2026, the following resolutions, among others, were passed by our Shareholders:

(a) the [**REDACTED**] by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] shall be no more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**] before the exercise of the [**REDACTED**] and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the above number of H Shares to be [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted which shall become effective on the [**REDACTED**], and the authorization of our Board and its authorized person(s) to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities; and

(d) our Board and its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] of H Shares and the [**REDACTED**].

5. Restrictions on Repurchase

See "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" for details.

6. Corporate Reorganization

Our Company has not gone through any corporate reorganization. See "History, Development and Corporate Structure" for further details of the history and development of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) [**REDACTED**].

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our Group's business:

No.	Trademark	Registration Number	Registered Owner	Place of Registration	Class	Expiry Date
1.		9775375	Our Company	PRC	29	July 13, 2034
2.		75537296	Our Company	PRC	16	June 6, 2034
3.		75534727	Our Company	PRC	18	June 6, 2034
4.		75540493	Our Company	PRC	42	May 20, 2034
5.		56716477	Our Company	PRC	29	April 13, 2032
6.		39800266	Our Company	PRC	30	March 13, 2030
7.		13927864	Our Company	PRC	29	February 20, 2027
8.	百小菲	58453226	Our Company	PRC	29	February 13, 2032
9.	百小菲	58457193	Our Company	PRC	32	February 13, 2032
10.		62345275	Our Company	PRC	32	August 20, 2032
11.		62340521	Our Company	PRC	29	August 20, 2032
12.		9775374	Our Company	PRC	29	November 27, 2032
13.		56716486	Our Company	PRC	29	May 13, 2032

No.	Trademark	Registration Number	Registered Owner	Place of Registration	Class	Expiry Date
14.	BONUS	56728669	Our Company	PRC	29	March 13, 2032
15.		35930647	Our Company	PRC	29	January 27, 2031
16.		56730841	Our Company	PRC	29	January 6, 2032
17.		53519032	Our Company	PRC	29	December 13, 2031
18.		53536196	Our Company	PRC	29	December 13, 2031
19.		43203567	Our Company	PRC	29	October 20, 2031
20.		53523118	Our Company	PRC	29	September 20, 2031
21.		84865963	Our Company	PRC	29	December 6, 2035
22.		79687221	Our Company	PRC	29	December 27, 2035
23.	百菲	58550508	Our Company	PRC	30	April 20, 2032
24.	百菲	58565821	Our Company	PRC	29	July 6, 2032
25.	醇菲	25688477	Our Company	PRC	29	July 27, 2028
26.	醇菲	84597151	Our Company	PRC	30	December 14, 2035
27.	醇菲	84590430	Our Company	PRC	29	December 20, 2035
28.	醇菲	85443476	Our Company	PRC	42	December 20, 2035
29.	醇菲	85411226	Our Company	PRC	18	December 6, 2035
30.		84600862	Our Company	PRC	29	February 27, 2036

No.	Trademark	Registration Number	Registered Owner	Place of Registration	Class	Expiry Date
31.	醇菲	85416580	Our Company	PRC	16	February 27, 2036
32.	水牛哞哞哒	84538485	Our Company	PRC	29	October 13, 2035
33.	水牛哞哞哒	84541049	Our Company	PRC	30	October 13, 2035
34.	水牛哞哞哒	84531067	Our Company	PRC	32	October 13, 2035
35.	水牛哞哞哒	77167819	Our Company	PRC	32	August 20, 2034
36.	水牛哞哞哒	79034725	Our Company	PRC	29	December 6, 2034
37.	水牛哞哞	77154507	Our Company	PRC	32	July 20, 2035
38.	水牛哞哞	78510314	Our Company	PRC	30	November 6, 2034
39.	水牛哞哞	78505168	Our Company	PRC	42	November 6, 2034
40.		84452475	Our Company	PRC	29	October 6, 2035
41.		84473807	Our Company	PRC	30	October 6, 2035
42.		84465772	Our Company	PRC	32	October 6, 2035
43.		84165622	Our Company	PRC	29	September 6, 2035
44.		83411020	Our Company	PRC	29	July 27, 2035

(b) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our Group's business:

No.	Patent Name	Patent Number	Registered Owner	Place of Registration	Type	Application Date
1 . .	Small-scale milk filling production line (小型牛奶灌裝生產線)	ZL201610033872.7	Our Company	PRC	Invention	January 19, 2016
2 . .	Dairy cow feed attractant (奶牛誘食劑)	ZL201310082722.1	Our Company	PRC	Invention	March 15, 2013
3 . .	Health-care milk and preparation method (一種保健牛奶及製備方法)	ZL201310543753.2	Our Company	PRC	Invention	November 6, 2013
4 . .	Magnetically recoverable core-shell hydrogel microsphere, preparation method and application (一種可磁性回收核殼水凝膠微球及其製備方法與應用)	ZL202510216136.4	Zhejiang Baifei	PRC	Invention	February 26, 2025
5 . .	Nanoporous filtration and separation medium, preparation method and application (一種納米孔過濾分離介質及其製備方法與應用)	ZL202510208149.7	Zhejiang Baifei	PRC	Invention	February 25, 2025
6 . .	Dual-function modified nanoporous membrane, preparation method and application in buffalo milk production (一種雙功能改性納米孔膜及其製備方法與在水牛奶生產中的應用)	ZL202510182197.3	Zhejiang Baifei	PRC	Invention	February 19. 2025
7 . .	Fermented dairy product containing probiotics and pea type III resistant starch and application (一種含有益生菌的豌豆III型抗性澱粉發酵乳製品及其應用)	ZL202510210449.9	Zhejiang Baifei	PRC	Invention	February 25, 2025

No.	Patent Name	Patent Number	Registered Owner	Place of Registration	Type	Application Date
8 . .	Dual-protein nanocapsule based on silk fibroin/zein, preparation method and application (一種基於絲素/玉米醇溶蛋白的雙重蛋白納米膠囊及其製備方法與應用)	ZL202510208151.4	Zhejiang Baifei	PRC	Invention	February 25, 2025
9 . .	Formulated milk containing DHA algal oil capsules and preparation method (一種含DHA藻油膠囊的調製乳及其製備方法)	ZL202311688855.3	Our Company	PRC	Invention	December 11, 2023
10 .	Pichia cactophila YM51-1 and application in dry-type mixed-culture fermented whey wine (仙人掌畢赤酵母YM51-1及其在乾型混菌發酵乳清酒中的應用)	ZL202510480550.6	Our Company, Guangxi Buffalo Research Institute	PRC	Invention	April 17, 2025
11 .	Composition of Lacticaseibacillus paracasei and tagatose for synergistic treatment of functional constipation (可協同治療功能性便秘的副乾酪乳酪桿菌、塔格糖組合物)	ZL202510224390.9	Zhejiang Baifei	PRC	Invention	February 27, 2025
12 .	Composition for promoting muscle formation and application (一種促進肌肉生成的組合物及其應用)	ZL202511134557.9	Zhejiang Baifei	PRC	Invention	August 14, 2025
13. .	Kluyveromyces marxianus YF51-1 and application in Semi-dry Fermented Whey Wine (馬克思克魯維酵母YF51-1及其在半幹型發酵乳清酒中的應用)	ZL202510480199.0	Our Company, Guangxi Buffalo Research Institute	PRC	Invention	April 17, 2025
14 .	Fermentation tank for milk beverage production (牛奶飲品生產用發酵罐)	ZL202020044682.7	Our Company	PRC	Utility Model	January 9, 2020

No.	Patent Name	Patent Number	Registered Owner	Place of Registration	Type	Application Date
15 .	Milk filling machine cleaner (牛奶灌裝機清潔器)	ZL202120483087.8	Our Company	PRC	Utility Model	March 5, 2021
16 .	Electronic balance for collecting scattered materials (一種收集散落物的電子天平)	ZL202420852577.4	Our Company	PRC	Utility Model	April 23, 2024
17 .	Milk horizontal sealing packaging machine (一種牛奶橫封包裝機)	ZL202421173777.3	Our Company	PRC	Utility Model	May 28, 2024
18 .	Water bath with reduced heat loss (一種減少熱量逃逸的水浴鍋)	ZL202420924638.3	Our Company	PRC	Utility Model	April 30, 2024
19 .	Milk carton output mechanism compatible with multiple specifications and sizes (一種兼容多規格尺寸的牛奶盒出包機構)	ZL202421338335.X	Our Company	PRC	Utility Model	June 13, 2024
20. .	A Portable Packaging Box (一種便捷包裝盒)	ZL202222395434.9	Zhejiang Baifei	PRC	Utility Model	September 8, 2022
21. .	A Packaging Box (一種包裝盒)	ZL202222389024.3	Zhejiang Baifei	PRC	Utility Model	September 8, 2022

(c) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be or may be material to our Group's business:

No.	Domain Name	Registered owner	Expiry Date
1 . .	bqsnn.com	Our Company	January 13, 2028
2 . .	百菲酪.網址	Our Company	February 28, 2030
3 . .	百菲酪.在線	Our Company	December 15, 2032
4 . .	baifeilao.com	Our Company	May 12, 2031

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (i) the term of service; and (ii) termination provisions.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

2. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management — Compensation of Directors and Senior Management" in this document, none of our Directors received other remunerations or benefits in kind from our Company for each of the three years ended December 31, 2025 and the three months ended March 31, 2026.

3. Disclosure of Interests of Directors and Chief Executive

Save as disclosed below, immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, none of our Directors or chief executive of our Company has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company or any of our Company's associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company, once the H Shares are [**REDACTED**] on the Stock Exchange:

			As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Description of Shares	Number[(1)]	Approximate percentage of interest in our Company	Number[(1)]	Approximate percentage of interest in the Domestic Shares or H Shares (as appropriate)	Approximate percentage of interest in our Company[(2)]
Mr. Wu Shouyun[(3)]	Beneficial owner	Domestic Shares	415,700	0.25%	415,700	0.25%	[REDACTED]%
	Interest in controlled corporation	Domestic Shares	145,587,353	87.97%	145,587,353	87.97%	[REDACTED]%
	Interest held jointly with other persons	Domestic Shares	277,133	0.17%	277,133	0.17%	[REDACTED]%
		Total	**146,280,186**	**88.39%**	**146,280,186**	**88.39%**	[REDACTED]%
Mr. Wu Lianqiao[(4)]	Beneficial owner	Domestic Shares	277,133	0.17%	277,133	0.17%	[REDACTED]%
	Interest held jointly with other persons	Domestic Shares	146,003,053	88.22%	146,003,053	88.22%	[REDACTED]%
		Total	**146,280,186**	**88.39%**	**146,280,186**	**88.39%**	[REDACTED]%

Notes:

(1) All interests are long positions.

(2) The calculation is based on the total number of 165,502,400 Domestic Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (assuming that the [**REDACTED**] is not exercised).

(3) As at the Latest Practicable Date, (i) Mr. Wu Shouyun directly holds 415,700 Domestic Shares; (ii) Mr. Wu Shouyun is deemed to be interested in the 145,587,353 Domestic Shares held by Baifei Investment, in which Mr. Wu Shouyun holds approximately 99.59% interests; and (iii) Mr. Wu Shouyun is deemed to be interested in 277,133 Domestic Shares directly held by Mr. Wu Lianqiao by virtue of the Concert Party Agreement. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Concert Party Agreement."

(4) As at the Latest Practicable Date, (i) Mr. Wu Lianqiao directly holds 277,133 Domestic Shares; and (ii) Mr. Wu Lianqiao is deemed to be interested in 146,003,053 Domestic Shares held by Mr. Wu Shouyun (comprising 415,700 Domestic Shares directly held by Mr. Wu Shouyun and 145,587,353 Domestic Shares indirectly held through Baifei Investment) by virtue of the Concert Party Agreement. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Concert Party Agreement."

4. Disclosure of Interests of Substantial Shareholders

(a) Interest in the Shares of our Company

Save as disclosed in the section headed "Substantial Shareholders" in this document, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and that no changes are made to the issued capital of our Company between the Latest Practicable Date and [**REDACTED**]), our Directors are not aware of any person (other than our Directors or chief executive) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other members of our Group.

(b) Interest in our Company's subsidiaries

Save as disclosed in the following table, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**], be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

Our Subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Saishang Baifei	Ms. Ma Jiahui (馬佳慧)	40.00
Guangxi Baifei Fresh Dairy	Mr. Zhang Xuguang (張旭光)	30.00
	Ms. Mo Renmei (莫仁梅)	22.00
Hunan Baifei Fresh Dairy	Mr. Cheng Yun (程雲)	30.00
	Wuhan Baishun Supply Chain Co., Ltd. (武漢柏順供應鏈有限公司)	20.00
	Hunan Wudu Trading Co., Ltd. (湖南五度貿易有限公司)	10.00
Bolang Packaging	Guangxi Nanning Wanhao Jiaxin Paper Industry Co., Ltd.* (廣西南寧市萬豪佳鑫紙業有限責任公司)	33.00
Guangxi Baifei Tianrui Seed Co., Ltd.* (廣西百菲天瑞種業有限公司)	Guangxi Tianrui Agriculture and Animal Husbandry Co., Ltd.* (廣西天瑞農牧有限公司)	30.00

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors nor any of the parties listed in the section headed "— D. Other Information — 6. Qualifications of Experts" of this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(b) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document that is significant in relation to our business;

(c) none of our Directors is aware of any person (other than a Director or chief executive of our Company) who will, immediately following completion of the [**REDACTED**], have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;

(d) none of our Directors, their respective close associates (as defined under the Listing Rules) or the Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Company; and

(e) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]. All necessary arrangements have been made enabling the H Shares to be admitted into [**REDACTED**]. The Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, the fees of the Sole Sponsor payable by us to it in respect of its service as the sponsor in connection with the [**REDACTED**] on the Hong Kong Stock Exchange are US$1 million.

4. Compliance Adviser

Our Company has appointed Altus Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any preliminary expenses.

6. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
GF Capital (Hong Kong) Limited	Licenced corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
Jingtian & Gongcheng	Legal advisors to our Company as to PRC laws
HLB Hodgson Impey Cheng Limited	Certified Public Accountants and Registered Public Interest Entity Auditors
Frost & Sullivan	Independent industry consultant
Tahota Law Firm	Legal advisors to our Company as to PRC cybersecurity and data protection law
Asia-Pacific Consulting and Appraisal Limited	Independent Biological Asset Valuer

7. Consents of Experts

The experts as referred to "D. Other Information — 6. Qualifications of Experts" in this appendix have given, and have not withdrawn their respective written consent to the issue of this document with the inclusion of their reports and/or letters (as the case may be) and references to their names included in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

8. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial position or prospects since March 31, 2026.

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the [**REDACTED**] of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12. Promoters

The promoters of our Company are Baifei Investment, Mr. Wu Shouyun, Mr. Wu Lianqiao and Ms. Wu Shanshan. See "History, Development and Corporate Structure" in this document for details.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [**REDACTED**] and the related transactions described in this document.

13. Miscellaneous

Save as disclosed in this document:

(a) within the two years preceding the date of this document:

  (i) no share or loan capital or debenture of our Company has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

  (ii) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option; and

  (iii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) our Company has not issued nor agreed to issue founder, management or deferred shares;

(c) our Company has no outstanding convertible debt securities or debentures;

(d) there is no arrangement under which future dividends are waived or agreed to be waived;

(e) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months preceding the date of this document; and

(f) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the material contracts referred to under "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to under "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VI to this document.

DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.baifeilao.com** during a period of 14 days from the date of this document:

(a) our Articles of Association;

(b) the Accountants' Report of our Group prepared by HLB Hodgson Impey Cheng Limited, the texts of which are set forth in Appendix I to this document;

(c) the report on the unaudited [**REDACTED**] financial information of our Group from HLB Hodgson Impey Cheng Limited, the texts of which are set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026;

(e) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of certain general corporate matters of our Group under the PRC law;

(f) the legal opinion issued by Tahota Law Firm, our legal advisor as to PRC cybersecurity and data protection law, in respect of PRC cybersecurity and data protection matter;

(g) the industry report issued by Frost & Sullivan, the summary of which is set forth in "Industry Overview" in this document;

(h) the material contracts referred to under "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(i) the written consents referred to under "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VI to this document;

(j) the service contracts with our Directors referred to in "Statutory and General Information — C. Further Information about our Directors, Chief Executive and Substantial Shareholders — 1. Service Contracts" in Appendix VI to this document;

(k) the valuation report relating to the fair values of biological assets belonging to our Group prepared by Asia-Pacific Consulting and Appraisal Limited, an independent qualified professional valuer; and

(l) a copy of the following PRC laws, together with their unofficial English translations: (1) the PRC Company Law, (2) the PRC Securities Law, and (3) the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies.