

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 and is qualified in its entirety by, and should be read in conjunction with, the full text of this Document. You should read the entire Document before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks of investing in the [REDACTED] are set out in the section headed “Risk Factors” in this Document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are a reputable dairy company in China, drawing on more than 30 years of deep industry experience. Today, we have grown into a nationwide dairy company with a comprehensive value chain and diversified product offerings. We produce and sell dairy products under our master brand, Junlebao (君樂寶), as well as other self-owned brands, including SimPurity (簡醇) and Freshjoy (悅鮮活). During the Track Record Period, substantially all of our revenue was generated from the Chinese Mainland. According to Frost & Sullivan, while the dairy market in China is relatively concentrated, we ranked No. 3 among dairy companies nationwide by retail value in China market in 2025, with a market share of 4.3%.

Leveraging our consumer insights and strong R&D capabilities, we have successfully captured the growth in the low-temperature liquid dairy segment and introduced differentiated low-temperature yogurt and fresh milk products that align closely with consumer preferences. SimPurity (簡醇) and Freshjoy (悅鮮活) became the No. 1 low-temperature yogurt brand since 2022 and No. 1 fresh milk brand in 2025 by retail value in China market, respectively, according to Frost & Sullivan. In 2025 and for the six months ended June 30, 2026, revenue generated from low-temperature liquid dairy products accounted for 42.5% and 46.5% of our revenue, respectively. Beyond our strong performance in the fast-growing low-temperature liquid dairy segment, our primary products include formula, ambient liquid dairy products and other dairy products, serving consumers across all age groups with dairy offerings.

Our flagship products hold established positions in multiple dairy categories. According to Frost & Sullivan, in terms of market size, China’s overall dairy market reached approximately RMB 653.8 billion in 2025, among which liquid dairy products accounted for about 52.8% of the market, including 14.5% from low-temperature liquid dairy products, with fresh milk and low-temperature yogurt contributing 6.2% and 8.3%, respectively. Formula products represented 27.3% of the market, with infant formula contributing 22.4%. According to the same source, in terms of retail value in China market:

- We ranked No. 4 in China’s liquid dairy product market in 2025, with a market share of 5.9%.
- We ranked No. 1 in China’s low-temperature liquid dairy product market in 2025, with a market share of 15.6%. Low-temperature liquid dairy product segment is the fastest-growing segment within China’s liquid dairy product market, with the market size reaching RMB94.6 billion in 2025 and expected to grow to RMB123.0 billion in 2030. From 2026 to 2030, the market is expected to grow at a CAGR of 5.2%.
- We ranked No. 2 in China’s fresh milk market in 2025, with a market share of 13.4%. In 2025, Freshjoy (悅鮮活) was the No. 1 fresh milk brand with a market share of 11.0% in China’s fresh milk market.
- We ranked No. 2 in China’s low-temperature yogurt market in 2025, with a market share of 17.3%. In 2025, SimPurity (簡醇) was the No. 1 low-temperature yogurt brand with a market share of 8.0%.

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- Since launching our infant formula products in 2014, we have been providing products that address the nutritional needs of Chinese infants. We ranked No. 5 in China’s formula market in 2025, with a market share of 3.9% and ranked No. 3 among domestic infant formula players for six consecutive years from 2020 to 2025, with a market share of 4.1% in 2025.

Our Brands and Products

Our brand portfolio has evolved alongside our growth. We began with a focus on delivering yogurt products, and over the past 30 years have progressively expanded into diversified dairy product categories as we identified emerging market opportunities and changing consumer needs. Supported by our comprehensive value chain, we have built a portfolio that spans multiple product types and price points, anchored by multiple brands across China. Junlebao (君樂寶) is our master brand. It represents our broad presence across low-temperature liquid dairy products, formula and ambient liquid dairy products. SimPurity (簡醇), launched in 2017, marked our entry into the healthy yogurt category and played an important role in driving consumer consumption of sucrose-free yogurt. Freshjoy (悅鲜活), launched in 2019, represents our focus on premium fresh milk supported by advances in processing technology and product design. We have been continuously investing in science-based nutrition and formula R&D since the launch of our first infant formula product in 2014. Our latest infant formula launch, Youcui Baoai (優萃寶愛), provides scientifically supported brain and physical development benefits and has been assessed by the Chinese Institute of Food Science and Technology as achieving the internationally advanced level. Leveraging our R&D capabilities and raw milk supply, we have also successively launched a range of domestically produced dairy ingredients for corporate customers, including additive-free premium whipping cream, butter and foodservice milk. These products address the rapidly growing demand from the upgrading bakery and freshly made coffee and tea chains, providing new growth drivers for our future development.

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

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
(unaudited)										
(RMB in thousands, except for percentages)										
Liquid dairy products	9,664,255	55.1%	11,503,060	58.0%	12,413,691	61.0%	5,819,402	58.5%	6,975,116	65.7%
Low-temperature liquid dairy products	6,287,370	35.9%	7,580,948	38.2%	8,648,362	42.5%	3,936,631	39.6%	4,930,204	46.5%
– Low-temperature yogurt	4,713,784	26.9%	5,306,447	26.7%	5,479,988	26.9%	2,623,919	26.4%	2,890,669	27.2%
– Fresh milk	1,573,586	9.0%	2,274,501	11.5%	3,168,374	15.6%	1,312,713	13.2%	2,039,535	19.2%
Ambient liquid dairy products	3,376,885	19.2%	3,922,112	19.8%	3,765,329	18.5%	1,882,770	18.9%	2,044,913	19.3%
– Ambient yogurt	1,084,961	6.2%	1,065,961	5.4%	1,041,509	5.1%	570,455	5.7%	679,697	6.4%
– Ambient milk	2,291,924	13.0%	2,856,151	14.4%	2,723,820	13.4%	1,312,316	13.2%	1,365,216	12.9%
Formula	5,429,189	30.9%	5,370,792	27.1%	4,464,300	21.9%	2,384,081	24.0%	2,020,061	19.0%
– Infant formula	4,551,537	25.9%	4,660,398	23.5%	3,850,694	18.9%	2,091,878	21.0%	1,685,137	15.9%
– Child formula	638,095	3.6%	486,455	2.5%	290,218	1.4%	159,466	1.6%	127,700	1.2%
– Adults formula	226,921	1.3%	138,701	0.7%	145,623	0.7%	75,789	0.8%	92,386	0.9%
– Other formula ⁽¹⁾	12,636	0.1%	85,238	0.4%	177,765	0.9%	56,948	0.6%	114,838	1.1%
Other dairy products⁽²⁾	689,496	4.0%	791,279	4.0%	830,592	4.1%	384,672	3.9%	458,471	4.3%
Subtotal – dairy products	15,782,940	90.0%	17,665,131	89.1%	17,708,583	87.0%	8,588,154	86.3%	9,453,648	89.1%
Dairy farming	841,024	4.7%	1,391,763	7.0%	1,201,179	5.9%	538,396	5.4%	610,039	5.8%
Raw milk	647,032	3.7%	928,855	4.7%	491,022	2.4%	225,286	2.3%	250,792	2.4%
Feed and beef cattle	193,992	1.0%	462,908	2.3%	710,157	3.5%	313,109	3.1%	359,247	3.4%
Other business⁽³⁾	922,211	5.3%	775,596	3.9%	1,472,681	7.1%	824,659	8.3%	545,053	5.1%
Total	17,546,175	100.0%	19,832,490	100.0%	20,382,443	100.0%	9,951,209	100.0%	10,608,740	100.0%

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Notes:

- (1) Other formula consisted of FSMP formula, which is designed for special medical purposes, maternal formula, which is designed for pregnant and breastfeeding women to meet their nutritional needs, and contract manufactured formula, which is produced for third-party companies.
- (2) Other dairy products primarily included products such as lactic acid bacteria beverages, yogurt drinks, cheese and whipping cream.
- (3) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees. For the revenue breakdown of other business, see “Financial Information — Description of Selected Items of Our Consolidated Income Statement — Revenue — By Product Categories.”

For our sales volume and average selling price by product categories, see “Financial Information — Description of Selected Items of Our Consolidated Income Statement — Revenue — By Product Categories — Sales Volume and Average Selling Price.”

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

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
(unaudited)										
(RMB in thousands, except for percentages)										
Liquid dairy products	2,898,789	30.0%	3,437,219	29.9%	3,678,676	29.6%	1,747,968	30.0%	2,153,310	30.9%
Low-temperature liquid dairy products	2,056,911	32.7%	2,552,914	33.7%	2,953,177	34.1%	1,356,447	34.5%	1,695,492	34.4%
– Low-temperature yogurt	1,434,499	30.4%	1,688,973	31.8%	1,793,635	32.7%	875,171	33.4%	942,992	32.6%
– Fresh milk	622,412	39.6%	863,941	38.0%	1,159,542	36.6%	481,276	36.7%	752,500	36.9%
Ambient liquid dairy products	841,878	24.9%	884,305	22.5%	725,499	19.3%	391,521	20.8%	457,818	22.4%
– Ambient yogurt	331,426	30.5%	327,301	30.7%	323,410	31.1%	185,396	32.5%	210,789	31.0%
– Ambient milk	510,452	22.3%	557,004	19.5%	402,089	14.8%	206,125	15.7%	247,029	18.1%
Formula	2,858,046	52.6%	3,040,890	56.6%	2,567,295	57.5%	1,446,147	60.7%	1,167,318	57.8%
– Infant formula	2,475,789	54.4%	2,722,459	58.4%	2,332,169	60.6%	1,318,227	63.0%	1,045,861	62.1%
– Child formula	298,455	46.8%	267,211	54.9%	162,269	55.9%	93,027	58.3%	71,528	56.0%
– Adults formula	78,851	34.7%	39,642	28.6%	36,919	25.4%	19,960	26.3%	20,574	22.3%
– Other formula	4,951	39.2%	11,578	13.6%	35,938	20.2%	14,933	26.2%	29,356	25.6%
Other dairy products	163,033	23.6%	199,882	25.3%	180,730	21.8%	95,164	24.7%	111,757	24.4%
Subtotal – dairy products	5,919,868	37.5%	6,677,991	37.8%	6,426,701	36.3%	3,289,279	38.3%	3,432,386	36.3%
Dairy farming	70,322	8.4%	196,481	14.1%	135,484	11.3%	63,977	11.9%	63,471	10.4%
Other business⁽¹⁾	13,403	1.5%	(692)	(0.1)%	(86,899)	(5.9)%	(48,590)	(5.9)%	(25,006)	(4.6)%
Total	6,003,593	34.2%	6,873,780	34.7%	6,475,286	31.8%	3,304,666	33.2%	3,470,851	32.7%

Note:

- (1) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees. As these semi-processed dairy ingredients are generally sold at prevailing market prices that are lower than the related production costs, our other business recorded a gross loss in 2024, 2025 and for the six months ended June 30, 2025 and 2026. Semi-processed dairy ingredients mainly include whole milk powder, skimmed milk powder and cream that produced from surplus raw milk. Semi-processed dairy ingredients are integral by-products of our integrated dairy operations rather than a standalone profit-oriented business. As raw milk has a short shelf life, temporary surplus raw milk may arise when raw milk supply exceeds downstream production demand for dairy products. In such circumstances, we process surplus raw milk into semi-processed dairy ingredients for external sale to recover a portion of the associated value and production costs that would otherwise be lost if such raw milk could not be utilized in time. Such production and sale will therefore continue in the ordinary course of our business.

Our R&D Capabilities

We maintain our competitiveness by proactively advancing new products, new technologies, new processes and new packaging through R&D. We have established an R&D platform, the Institute of Science-based Nutrition, which collaborates with top-tier domestic and international research institutions and universities, as well as renowned global suppliers. Our R&D covers

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fundamental research and product applications, including key dairy technologies, product formulation, clinical efficacy validation, breast-milk composition analysis, development and commercialization of proprietary probiotics, process engineering and packaging development.

Our Dairy Farming and Production

Our operations span the entire value chain, with our self-operated dairy farms and production facilities forming the core foundation of product quality and supporting our overall operational efficiency. As of June 30, 2026, we operated 33 dairy farms and 20 dairy production facilities across China. The following table sets forth the breakdown of designed capacity, actual herd size and utilization rate of our dairy farms by geographic locations:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Hebei				
Designed capacity (heads)	199,000	175,900	180,300	179,588
Actual herd size (heads)	162,696	154,731	160,114	162,055
Utilization rate	81.8%	88.0%	88.8%	90.2%
Yunnan				
Designed capacity (heads)	13,000	16,000	16,000	16,000
Actual herd size (heads)	8,023	10,419	11,817	11,870
Utilization rate	61.7%	65.1%	73.9%	74.2%
Henan				
Designed capacity (heads)	17,000	17,000	17,000	17,000
Actual herd size (heads)	11,111	15,083	16,984	16,794
Utilization rate	65.4%	88.7%	99.9%	98.8%
Jiangsu				
Designed capacity (heads)	4,800	4,800	4,800	4,800
Actual herd size (heads)	4,275	4,530	4,237	4,127
Utilization rate	89.1%	94.4%	88.3%	86.0%

Dairy Farming Operation

Our raw milk serves as the foundation for our extensive portfolio of dairy products. Our healthy herd structure is maintained through active management, including regular culling and targeted expansion. The following table sets forth the volume of our dairy cows as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(heads)			
Milkable Cows	81,146	95,960	97,818	100,858
Heifers	76,587	62,630	72,700	74,737
Calves	28,372	28,824	25,227	22,736
Total	186,105	187,414	195,745	198,331

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our annualized average milk yield per milkable cow was 11.9 tons, 12.0 tons, 12.2 tons and 12.8 tons, respectively.

Our Dairy Production Facilities

As of June 30, 2026, we operated 20 dairy production facilities across China, complemented by a selected network of third-party manufacturing partners. Our dairy production facilities are equipped with advanced production equipment and modern processing technologies, enabling highly automated and digitalized production operations that ensure stable production efficiency and consistently high product quality. Through our extensive and optimized production network, we have achieved effective coverage of core markets nationwide and ensured timely delivery and efficient distribution through our sales channels across the country, thereby establishing a solid foundation for our continued growth and market competitiveness. During the Track Record Period,

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the standard production capacity of our self-owned factories for liquid dairy products was 1,842.9 thousand tons, 2,184.2 thousand tons, 2,392.2 thousand tons and 1,193.8 thousand tons in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, with utilization rates of 55.1%, 58.1%, 56.3% and 62.3% for the same periods. The standard production capacity for formula and other dairy products was 201.1 thousand tons, 219.0 thousand tons, 223.8 thousand tons and 116.4 thousand tons in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, with utilization rates of 44.1%, 49.2%, 49.6% and 46.6% for the same periods.

Our Sales Network

We have developed an extensive nationwide sales and distribution network, enabling broad market reach across multiple channels and regions. As of June 30, 2026, we cooperated with approximately 5,200 distributors. The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as percentages of our total revenue, for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	(unaudited)									
	(RMB in thousands, except for percentages)									
Distributors	13,053,594	74.4%	14,276,045	72.0%	13,736,252	67.4%	6,829,070	68.6%	7,022,308	66.2%
– Offline distributors	11,625,256	66.3%	12,742,905	64.3%	12,401,483	60.8%	6,220,029	62.5%	6,258,004	59.0%
– Online distributors	1,428,338	8.1%	1,533,140	7.7%	1,334,769	6.6%	609,041	6.1%	764,304	7.2%
Direct sales	3,570,370	20.3%	4,780,849	24.1%	5,173,510	25.4%	2,297,480	23.1%	3,041,379	28.7%
– KA customers	888,892	5.0%	1,163,780	5.9%	1,428,555	7.0%	618,316	6.2%	915,516	8.6%
– E-commerce platforms	577,196	3.3%	734,708	3.7%	863,772	4.2%	402,629	4.0%	429,942	4.1%
– Online self-operated stores	527,124	3.0%	660,015	3.3%	671,036	3.3%	304,008	3.1%	414,396	3.9%
– Corporate and institutional clients and others ⁽¹⁾	1,577,158	9.0%	2,222,346	11.2%	2,210,147	10.9%	972,527	9.8%	1,281,525	12.1%
Other business ⁽²⁾	922,211	5.3%	775,596	3.9%	1,472,681	7.1%	824,659	8.3%	545,053	5.1%
Total	17,546,175	100.0%	19,832,490	100.0%	20,382,443	100.0%	9,951,209	100.0%	10,608,740	100.0%

Notes:

- (1) Others primarily consisted of (i) direct sales of products to individual consumers at retail locations such as scenic spots; (ii) sales of products to our employees at preferential prices as part of our employee benefits programs; and (iii) sales of dairy cards to individual customers for product redemption.
- (2) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees.

Our Comprehensive Value Chain

We have established a comprehensive value chain covering dairy farming, R&D and product innovation, production and sales network, each reinforcing our ability to deliver well-established dairy products to consumers. These core elements are supported by end-to-end digitalization, which enhances efficiency, traceability and execution across the entire value chain. Together, they form the foundation for the continued strengthening of our brands and products. See “Business — Overview — Our Comprehensive Value Chain” for details.

Our Market Opportunities

As dairy products represent one of the most important sources of daily nutrition for Chinese consumers, China’s dairy market is large and continues to expand. Based on retail value, the size of China’s dairy product market reached RMB653.8 billion in 2025 and is expected to grow to RMB752.8 billion by 2030, according to Frost & Sullivan. Per-capita dairy consumption in China was 41.0 kilograms in 2025, less than one-third of the global average, indicating substantial long-term growth potential.

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Low-temperature liquid dairy products are growing at a significantly faster rate, supported by rising health awareness and improvements in cold-chain infrastructure. According to Frost & Sullivan, the retail value of China’s low-temperature liquid dairy market reached RMB94.6 billion in 2025 and is expected to grow to RMB123.0 billion by 2030. From 2026 to 2030, the market is expected to grow at a CAGR of 5.2%. The share of low-temperature liquid dairy products in the overall liquid dairy products market is expected to increase from 27.4% in 2025 to 31.9% in 2030, with fresh milk emerging as the fastest-growing category. Its retail value reached RMB40.2 billion in 2025 and is expected to rise to RMB61.7 billion by 2030. From 2026 to 2030, the market is expected to grow at a CAGR of 8.8%. China’s low-temperature liquid dairy product penetration remains significantly below that of mature markets such as the United States and Japan, where penetration exceeds 90% and 75% respectively, indicating substantial room for future growth.

In the formula category, consumers increasingly seek science-based and function-oriented products supporting brain and physical development, providing balanced nutrition, promoting digestive health and addressing sub-optimal wellness for infants, children and adults. The rigorous registration requirements for infant formula in China further benefit companies with strong R&D and formulation capabilities.

With our brand equity, continuous product development, a comprehensive value chain of operation and nationwide sales network coverage, we believe we are well positioned to capture these structural growth opportunities and continue expanding our market presence.

Our Financial Performance

During the Track Record Period, we achieved sustained revenue and profit growth. Our revenue increased from RMB17,546.2 million in 2023 to RMB19,832.5 million in 2024, and further increased to RMB20,382.4 million in 2025, representing a year-over-year increase of 13.0% and 2.8%, respectively. Our revenue increased from RMB9,951.2 million for the six months ended June 30, 2025 to RMB10,608.7 million for the same period in 2026, representing a period-over-period increase of 6.6%. During the Track Record Period, we generated substantially all of our revenue from Chinese Mainland which accounted for 100.0%, 100.0%, 100.0%, 100.0% and 99.9% of our total revenue in 2023, 2024 and 2025 and for the six months ended June 30, 2025 and 2026, respectively.

Growth in our low-temperature liquid dairy product segment was particularly strong. Revenue for this segment increased from RMB6,287.4 million in 2023 to RMB7,580.9 million in 2024, and further increased to RMB8,648.4 million in 2025, representing growth of 20.6% and 14.1%, respectively. Revenue for this segment increased from RMB3,936.6 million for the six months ended June 30, 2025 to RMB4,930.2 million for the same period in 2026, representing growth of 25.2%. Within this segment: (i) revenue of fresh milk products increased from RMB1,573.6 million in 2023 to RMB2,274.5 million in 2024, and further increased to RMB3,168.4 million in 2025, representing an increase of 44.5% and 39.3%, respectively; revenue of fresh milk products increased from RMB1,312.7 million for the six months ended June 30, 2025 to RMB2,039.5 million for the same period in 2026, representing an increase of 55.4%; and (ii) revenue of low-temperature yogurt products increased from RMB4,713.8 million in 2023 to RMB5,306.4 million in 2024, and further increased to RMB5,480.0 million in 2025, representing an increase of 12.6% and 3.3%, respectively; revenue of low-temperature yogurt products increased from RMB2,623.9 million for the six months ended June 30, 2025 to RMB2,890.7 million for the same period in 2026, representing an increase of 10.2%.

Our operating costs primarily consisted of (i) costs of direct raw materials, mainly including raw milk and ingredients; (ii) packaging materials; (iii) manufacturing expenses; (iv) transportation expenses; and (v) direct labor. Our operating costs increased by 12.3% from RMB11,542.6 million in 2023 to RMB12,958.7 million in 2024, primarily due to increases in direct raw material costs, manufacturing expenses, packaging materials, transportation expenses and other costs under dairy products and dairy farming, all generally in line with the increase in our sales volume. Our operating costs increased by 7.3% from RMB12,958.7 million in 2024 to RMB13,907.2 million in 2025, primarily due to (i) the additional costs associated with the sales of residential units primarily to our employees; and (ii) an increase in transportation expenses mainly driven by the rapid growth in sales of low-temperature liquid dairy products, which entails higher transportation and cold-chain logistics costs. Our operating costs increased by 7.4% from RMB6,646.5 million for the six months ended June 30, 2025 to RMB7,137.9 million for the six months ended June 30, 2026, primarily due to the increases in direct raw material costs, packaging material costs and transportation expenses, mainly driven by the growth in sales volume of liquid dairy products, especially low-temperature liquid dairy products.

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Supported by cost efficiencies from our integrated operations, enhanced marketing effectiveness driven by refined and digitalized management, and operating leverage, we recorded rapid net profit growth during the Track Record Period. We define adjusted net profit (*non-CASBE measure*) as net profit adding back (i) interest expenses on financial liabilities related to shareholders’ special rights; (ii) share-based payment expenses; and (iii) [REDACTED]. Adjusted net profit (*non-CASBE measure*) increased from RMB603.0 million in 2023 to RMB1,160.6 million in 2024, and further increased to RMB1,262.1 million in 2025, representing growth of 92.5% and 8.7%, respectively. Adjusted net profit (*non-CASBE measure*) increased from RMB661.0 million for the six months ended June 30, 2025 to RMB745.0 million for the six months ended June 30, 2026, representing growth of 12.7%. Adjusted net margin (*non-CASBE measure*) improved from 3.4% in 2023 to 5.9% in 2024, and further to 6.2% in 2025. Adjusted net margin (*non-CASBE measure*) improved from 6.6% for the six months ended June 30, 2025 to 7.0% for the six months ended June 30, 2026.

OUR STRENGTHS

We believe the following strengths have contributed to our success: (i) a reputable dairy company in China with sustained growth, strengthening our established position through a strategic focus on the low-temperature liquid dairy segment; (ii) systematic capabilities to develop flagship products, underpinned by sustained R&D investment and deep market insights; (iii) a comprehensive value chain for quality assurance, strengthened by digital systems for coordinated and efficient operations; (iv) broad consumer reach and brand mindset through diversified and precision marketing; (v) nationwide multi-channel sales and distribution network with strong channel-management capabilities; and (vi) seasoned and forward-looking management team with a long-term vision.

OUR STRATEGIES

We will execute based on the following strategies: (i) invest in product upgrade and portfolio expansion through R&D; (ii) enhance brand awareness and consumer engagement; (iii) deepen channel penetration and expand consumption scenarios and market reach; (iv) optimize production network and drive supply chain efficiency; (v) strengthen digital capabilities and enhance operational performance; and (vi) foster a high-performing organization and attract strategic talents.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of distributors, KA customers, e-commerce platforms and corporate and institutional clients during the Track Record Period. In each year/period during the Track Record Period, our sales to the five largest customers amounted to RMB1,572.2 million, RMB1,873.0 million, RMB1,487.0 million and RMB813.0 million, representing 9.0%, 9.4%, 7.3% and 7.7% of our total revenue, respectively, and our sales to the largest customer in each year/period during the Track Record Period amounted to RMB436.2 million, RMB609.1 million, RMB482.7 million and RMB200.0 million, representing 2.5%, 3.0%, 2.3% and 1.9% of our total revenue for the same year/period. To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers in each year/period during the Track Record Period.

Our suppliers primarily include raw material suppliers (such as suppliers of raw milk, ingredients, packaging materials, and feed), equipment suppliers, logistics service providers, advertising and marketing service providers, and manufacturing service providers. In each year/period during the Track Record Period, our purchases from the five largest suppliers amounted to RMB1,928.7 million, RMB2,094.0 million, RMB2,236.5 million and RMB1,156.6 million, representing 11.7%, 12.4%, 13.4% and 13.8% of our total purchases, respectively, and our purchases from the largest supplier in each year/period during the Track Record Period amounted to RMB568.9 million, RMB632.9 million, RMB551.1 million and RMB287.5 million, representing 3.5%, 3.8%, 3.3% and 3.4% of our total purchases for the same year/period. To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

SUMMARY

RISK FACTORS

Our business and the [REDACTED] involve certain risks, including (i) risks relating to our business and industry; (ii) risks relating to conducting business in the jurisdictions where we operate; and (iii) risks relating to the [REDACTED]. Some of the major risks we face include, but are not limited to: (i) we operate in a highly competitive and evolving market where the two largest players held a significant share and we may lose our market share if we fail to compete successfully; (ii) we may fail to adapt to changes in consumer preferences and market trends and introduce new products; (iii) the continued appeal of our brands is critical to our success. Any damage to our reputation or any of our brands may materially and adversely affect our business and results of operations; (iv) actual or perceived food safety issues or product contamination could harm our reputation, financial conditions and results of operations; (v) we mainly collaborate with Independent Third Party distributors over whom we have limited control.

COMPETITION

We operate in a highly competitive dairy market in China and have established a market position in the fast-growing low-temperature liquid dairy segment. We primarily compete with other dairy companies in China with decades of operation history and diverse product offerings.

According to Frost & Sullivan, we ranked No. 3 among dairy companies nationwide by retail value in China market in 2025, with a market share of 4.3%, while the two largest players together accounted for 41.7% of the total market. We ranked No. 4 in China’s liquid dairy product market in 2025, with a market share of 5.9%, and we ranked No. 1 in China’s low-temperature liquid dairy product market, with a market share of 15.6%. We believe that, with our comprehensive value chain encompassing raw milk supply from self-operated dairy farms, science-driven R&D and product development, intelligent manufacturing with strict quality assurance, and broad nationwide sales network, we are well positioned to capture growth opportunities in dairy product market and continue strengthening our market position.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Description of Selected Items of Our Consolidated Income Statement

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Revenue	17,546,175	19,832,490	20,382,443	9,951,209	10,608,740
Operating costs	(11,542,582)	(12,958,710)	(13,907,157)	(6,646,543)	(7,137,889)
Gross profit	6,003,593	6,873,780	6,475,286	3,304,666	3,470,851
Taxes and surcharges	(140,102)	(151,933)	(151,772)	(78,322)	(75,339)
Selling and distribution expenses . .	(3,600,984)	(3,377,111)	(3,366,682)	(1,637,970)	(1,714,388)
General and administrative expenses .	(853,298)	(856,309)	(897,197)	(438,055)	(429,778)
Research and development expenses .	(106,003)	(98,747)	(91,580)	(44,151)	(41,638)
Financial expenses	(928,527)	(401,632)	(268,010)	(135,691)	(139,470)
Investment income	31,014	12,475	79,961	43,368	41,947
Other income	235,352	222,386	239,955	103,602	100,789
Losses from changes in fair values .	(318)	(15,146)	–	–	–
Credit impairment (losses)/reversal .	(41,584)	19,173	(19,039)	(2,345)	(14,363)
Asset impairment losses	(253,132)	(435,142)	(180,836)	(105,782)	(108,215)
Losses from asset disposals	(205,364)	(397,170)	(454,171)	(274,597)	(264,532)
Operating profit	140,647	1,394,624	1,365,915	734,723	825,864
Non-operating income	41,526	52,954	37,427	19,308	31,024
Non-operating expenses	(36,142)	(22,005)	(15,909)	(7,801)	(14,119)
Profit before income tax	146,031	1,425,573	1,387,433	746,230	842,769
Income tax expenses	(140,451)	(311,056)	(190,761)	(111,188)	(135,439)
Net profit	5,580	1,114,517	1,196,672	635,042	707,330

SUMMARY

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Net (loss)/profit attributable to:					
– Owners of the Company	(21,442) ⁽¹⁾	1,017,484	1,115,807	595,439	654,414
– Non-controlling interests	27,022	97,033	80,865	39,603	52,916

Note:

(1) The net loss attributable to the owners of the Company in 2023 was primarily due to the interest expenses on financial liabilities related to shareholders’ special rights of RMB554.4 million, which were fully attributable to the owners of the Company. Such interest expenses arose from certain special rights granted to certain Pre-[REDACTED] investors before the Track Record Period, which were terminated in 2023, resulting in the derecognition of the relevant liabilities and no such interest expenses were subsequently incurred.

Non-CASBE Financial Measures

We define adjusted net profit (*non-CASBE measure*) as net profit adding back (i) interest expenses on financial liabilities related to shareholders’ special rights, arising from certain special rights granted to certain Pre-[REDACTED] investors which were terminated in 2023, resulting in the reclassification of the relevant liabilities into equity; (ii) share-based payment expenses, which are non-cash in nature; and (iii) [REDACTED] incurred in connection with the [REDACTED].

The following table shows reconciliation from our profit for the year/period to our adjusted net profit (*non-CASBE measure*) for the year/period indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Net profit	5,580	1,114,517	1,196,672	635,042	707,330
Adjustments:					
– Interest expenses on financial liabilities related to shareholders’ special rights	554,428	–	–	–	–
– Share-based payment expenses	41,828	40,172	39,623	21,419	24,200
– [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (<i>non-CASBE measure</i>)	602,957	1,160,569	1,262,116	660,963	745,010

Our adjusted net profit (*non-CASBE measure*) was RMB603.0 million in 2023, primarily reflecting (i) a relatively lower revenue base prior to the revenue contribution from our geographic expansion and the consolidation of Yinqiao (銀橋) and LESSON (來思爾) in July 2023, which contributed revenue of RMB748.4 million in 2023 following such consolidation, and RMB1,493.0 million in 2024, representing 4.3% and 7.5% of our total revenue, respectively; and (ii) higher advertising expenses incurred during the year in connection with our brand building initiatives. Our adjusted net profit increased significantly from RMB603.0 million in 2023 to RMB1,160.6 million in 2024, primarily attributable to (i) an increase in gross profit driven by revenue growth resulting from our organic business growth and expansion into emerging markets; and (ii) a decrease in selling and distribution expenses, primarily reflecting improved advertising placement efficiency and a shift toward media channels with higher reach efficiency. Taking into account the impact of the adjustments for interest expenses on financial liabilities related to shareholders’ special rights, share-based payment expenses and [REDACTED], our net profit increased significantly from RMB5.6 million in 2023 to RMB1,114.5 million in 2024. In addition to the factors described above, our net profit in 2023 was further affected by interest expenses on financial liabilities related to shareholders’ special rights of RMB554.4 million, arising from certain special rights granted to certain Pre-[REDACTED] investors which were terminated in 2023, resulting in the derecognition of the relevant liabilities and no such interest expenses were subsequently incurred.

SUMMARY

Discussion of Selected Items from Our Consolidated Balance Sheet

The following table sets forth selected items from our consolidated balance sheet as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Total current assets	6,357,855	6,404,653	5,737,014	4,684,553
Total non-current assets	17,539,879	17,044,953	17,200,199	17,821,573
Total current liabilities	10,919,319	11,680,873	9,728,810	8,343,160
Net current liabilities	4,561,464	5,276,220	3,991,796	3,658,607
Total non-current liabilities	8,311,140	6,744,752	8,692,308	8,889,538
Total liabilities	19,230,459	18,425,625	18,421,118	17,232,698
Net assets	4,667,275	5,023,981	4,516,095	5,273,428

Our net assets increased from RMB4,667.3 million as of December 31, 2023 to RMB5,024.0 million as of December 31, 2024, primarily due to total comprehensive income of RMB1,120.1 million, partially offset by (i) distribution to shareholders of RMB371.3 million; and (ii) disposal of subsidiaries of RMB368.4 million. Our net assets decreased to RMB4,516.1 million as of December 31, 2025, primarily due to distribution to shareholders of RMB1,813.4 million, partially offset by (i) total comprehensive income of RMB1,196.7 million; and (ii) shareholders’ contributions of RMB126.3 million, of which RMB123.9 million by non-controlling shareholders. Our net assets increased to RMB5,273.4 million as of June 30, 2026, primarily due to (i) total comprehensive income of RMB712.3 million; and (ii) capital contributions of RMB24.1 million by non-controlling interests.

Our net current liabilities increased from RMB4,561.5 million as of December 31, 2023 to RMB5,276.2 million as of December 31, 2024, primarily due to (i) an increase of RMB967.1 million in non-current liabilities due within one year; (ii) an increase of RMB301.2 million in short-term borrowings; and (iii) a decrease of RMB109.8 million in accounts receivable, partially offset by (i) a decrease of RMB624.2 million in other payables; and (ii) an increase of RMB95.6 million in cash at bank and on hand. Our net current liabilities subsequently decreased to RMB3,991.8 million as of December 31, 2025, primarily due to (i) a decrease of RMB1,078.1 million in non-current liabilities due within one year; (ii) a decrease of RMB752.4 million in contract liabilities; and (iii) a decrease of RMB452.4 million in short-term borrowings, partially offset by (i) a decrease of RMB574.0 million in inventories; (ii) an increase of RMB449.0 million in accounts payable; and (iii) a decrease of RMB278.5 million in cash at bank and on hand. Our net current liabilities decreased to RMB3,658.6 million as of June 30, 2026, primarily due to (i) a decrease of RMB852.7 million in accounts payable; (ii) a decrease of RMB402.2 million in non-current liabilities due within one year; (iii) a decrease of RMB212.8 million in bills payable; and (iv) a decrease of RMB127.0 million in contract liabilities. This was partially offset by (i) a decrease of RMB1,111.9 million in inventories; and (ii) an increase of RMB418.6 million in short-term borrowings.

Summary of Consolidated Cash Flow Statement

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	(unaudited)				
	(RMB in thousands)				
Net cash inflow from operating activities	2,023,010	3,530,528	3,393,931	534,389	776,750
Net cash outflow from investing activities	(3,760,155)	(2,333,336)	(2,135,511)	(620,576)	(824,695)
Net cash inflow/(outflow) from financing activities	1,541,021	(1,074,238)	(1,468,187)	(669,059)	45,705

SUMMARY

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Effect of foreign exchange rate changes on cash and cash equivalents	20	(30)	(141)	(118)	(377)
Net (decrease)/increase in cash and cash equivalents	(196,104)	122,924	(209,908)	(755,365)	(2,618)
Cash and cash equivalents at the beginning of the year/period . . .	1,550,567	1,354,463	1,477,387	1,477,387	1,267,479
Cash and cash equivalents at the end of the year/period	1,354,463	1,477,387	1,267,479	722,023	1,264,861

See “Financial Information — Liquidity and Capital Resources — Cash flows” for details.

Key Financial Ratios

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Gross profit margin (%) ⁽¹⁾	34.2	34.7	31.8	32.7
Gross profit margin of our dairy products (%) ⁽²⁾	37.5	37.8	36.3	36.3
Net profit margin (%) ⁽³⁾	0.03	5.6	5.9	6.7
Adjusted net profit margin (non-CASBE measure) (%) ⁽⁴⁾ . . .	3.4	5.9	6.2	7.0

Notes:

- (1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.
- (2) Gross profit margin of dairy products equals gross profit of dairy products divided by revenue from dairy products and multiplied by 100%.
- (3) Net profit margin equals net profit divided by revenue and multiplied by 100%. Our net profit margin for 2023 was 0.03%, primarily due to the interest expenses on financial liabilities related to shareholders’ special rights of RMB554.4 million, arising from certain special rights granted to certain Pre-[REDACTED] investors before the Track Record Period. Such special rights were terminated in 2023, resulting in the derecognition of the relevant liabilities and no interest expenses were subsequently incurred. See Note (VI) 37 to the Accountants’ Report in Appendix I to this Document.
- (4) Adjusted net profit margin (non-CASBE measure) equals adjusted net profit (non-CASBE measure) divided by revenue and multiplied by 100%. See “Financial Information — Non-CASBE Financial Measures.”

Biological Assets and Valuation

Pursuant to Chapter 4.10 under the Guide for New Listing Applicants, 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 June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Productive biological assets				
– Immature productive biological assets	2,159,104	1,653,787	2,046,558	2,124,826
– Mature productive biological assets	2,452,626	2,990,982	2,943,923	2,985,367
Subtotal	4,611,730	4,644,769	4,990,481	5,110,193
Consumable biological assets				
– Beef cattle	49,891	N/A	N/A	N/A
Total	4,661,621	4,644,769	4,990,481	5,110,193

SUMMARY

The fair value of our biological assets remained relatively stable during the Track Record Period. The fair value of our productive biological assets increased from RMB4,611.7 million as of December 31, 2023 to RMB4,644.8 million as of December 31, 2024, and further increased to RMB4,990.5 million as of December 31, 2025 and RMB5,110.2 million as of June 30, 2026, primarily due to the increases in the number of dairy cows, the decrease of feed costs and the improved herd structure and quality. The fair value of our consumable biological assets was RMB49.9 million as of December 31, 2023, and we ceased to sell beef cattle in 2024.

CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), Mr. Wei is entitled to exercise approximately [REDACTED] voting rights in our Company, through (i) 270,310,455 Shares directly held by him; (ii) 156,378,010 Shares in aggregate held through Lehui Ruisheng, Yuehui Xinghong, Yuehui Xinghong I, Runde Zhiying II, Zhenlecheng and Zhenlecheng XII, the general partner of each of which being Lehui Consulting, a company owned as to 99% by Mr. Wei. Ms. He Xiaomei is the spouse of Mr. Wei and she is entitled to exercise approximately [REDACTED]% voting rights in our Company through 1,166,065 Shares directly held by her. Therefore, Mr. Wei, Ms. He Xiaomei, Lehui Consulting, together with Lehui Ruisheng, Yuehui Xinghong, Yuehui Xinghong I, Runde Zhiying II, Zhenlecheng and Zhenlecheng XII, will collectively hold [REDACTED] voting rights in the Company and constitute a group of Controlling Shareholders upon [REDACTED].

PRE-[REDACTED] INVESTMENTS

We have undertaken several rounds of Pre-[REDACTED] Investments and our Pre-[REDACTED] Investors include, among others, HongShan, Primavera Investment Group and Ping An Capital. See “History, Development and Corporate Structure — Pre-[REDACTED] Investments” for details of the background of our major Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments.

A-SHARE LISTING ATTEMPT

We had historically explored the opportunity of establishing a capital market platform in the A-share market in the PRC. In December 2023, we entered into a tutoring agreement with China International Capital Corporation Limited (中國國際金融股份有限公司) in connection with a proposed A-share listing and made a listing tutoring filing (上市輔導備案). The tutoring is still in process and relevant tutoring progress reports for the period from December 2023 to June 2026 have been filed. As of the Latest Practicable Date, we have not terminated the tutoring agreement with China International Capital Corporation Limited with respect to our A-share Listing Preparation and we may consider pursuing an A-share listing in the future. Pursuant to Rule 10.08 of the Listing Rules, we will not issue any Shares, including in the A share market, for a period of six months after the [REDACTED]. As of the Latest Practicable Date, we have not submitted any formal listing application in relation to the A-Share listing. For details, see “History, Development and Corporate Structure — A-Share Listing Attempt” in this Document.

[REDACTED]

SUMMARY

[REDACTED]

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming the [REDACTED] is not exercised, and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

Approximately HK\$ in million	Percentage of Net [REDACTED]	Future Plans
[REDACTED] . .	[REDACTED]%	Expand, upgrade and construct production facilities to support our long-term capacity planning, improve production efficiency and strengthen our supply capabilities across key regions
[REDACTED] . .	[REDACTED]%	Strengthen brand equity and increase consumer engagement through coordinated online and offline marketing campaigns
[REDACTED] . .	[REDACTED]%	Support channel expansion and market development
[REDACTED] . .	[REDACTED]%	Strengthen our R&D platform, advance basic scientific research, accelerate product innovation and explore new business opportunities
[REDACTED] . .	[REDACTED]%	Strengthen our intelligent digital capability development
[REDACTED] . .	[REDACTED]%	For working capital and other general corporate purposes

See “Future Plans and Use of [REDACTED] — Use of [REDACTED]” for details.

DIVIDENDS

In 2023, 2024, 2025 and for the six months ended June 30, 2026, we declared dividends of RMB530.0 million, RMB362.5 million, RMB1,800.0 million and nil, respectively, to our Shareholders, all of which have been fully paid.

We do not currently have a dividend policy or a pre-determined dividend payout ratio. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial conditions, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment of dividends, as well as the amount thereof, shall comply with our Articles of Association and the relevant PRC laws and regulations, and shall be approved by our Board of Directors and the Shareholders’ Meeting.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of any accumulated historical losses and allocations to the statutory reserve equivalent to 10% of our profit after tax.

SUMMARY

[REDACTED]

Our [REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] Range, we estimate that our [REDACTED] and [REDACTED] will be approximately RMB[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], including (i) [REDACTED]-related expenses of approximately RMB[REDACTED], and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED], comprising (a) sponsor fee of approximately RMB[REDACTED], (b) fees and expenses of legal advisors and Reporting Accountant of approximately RMB[REDACTED], and (c) other fees and expenses of approximately RMB[REDACTED]. As of June 30, 2026, we have incurred RMB[REDACTED] of [REDACTED] and [REDACTED] for the [REDACTED], including [REDACTED] of RMB[REDACTED] and [REDACTED] of RMB[REDACTED]. We expect to further incur [REDACTED] and [REDACTED] of approximately RMB[REDACTED] upon completion of the [REDACTED], out of which approximately RMB[REDACTED] is expected to be charged to our consolidated income statement and approximately RMB[REDACTED] is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our business, financial conditions and results of operations since June 30, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report included in Appendix I to this Document, and up to the date of this Document.