GLOSSARY

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. Some of these terms and their meanings may not correspond to standard industry definitions or usages, and may not be comparable to similar terms adopted by other companies.

"β-complex vitamins"	a group of B vitamins essential for energy metabolism, nervous system function, and cell growth
"A2"	A2β-casein, a type of protein found in animals' milk
"ambient milk", "UHT milk"	ultra-high-temperature treated milk that is shelf-stable at ambient temperatures
"ambient yogurt"	heat-treated or sterilized yogurt designed for ambient distribution and longer shelf life
"annualized average milk yield per milkable cow"	the total milk production volume of milkable cows over the period divided by total number of days for which the milkable cows are raised during the period, and then multiplied by 365
"ARA"	arachidonic acid, an omega-6 fatty acid important for growth, immune response, and cellular signaling
"aseptic filling"	packaging process in which a product and its container are sterilized separately and then filled and sealed in a sterile environment to prevent microbial contamination
"beef cattle"	cattle raised primarily for meat production
"BRCGS"	brand reputation compliance global standards, global standards that establish benchmarks for product safety, quality, and operational criteria within supply chains
"breeding bulls"	male cattle selected and used specifically for reproduction
"CAGR"	compound annual growth rate
"calf" or "calves"	young female cow(s) up to six months of age from birth
"cattle"	the general term for bovine animals, divided into dairy cows, beef cattle, etc. according to economic use
"child formula"	fortified formula for preschool and school-age child outside the infant-formula registration scope
"condensed milk"	concentrated milk bases for beverages and baking, offering higher solids for body and heat stability
"cooling & drying"	the process follows concentration in which the semi-finished liquid is atomized into fine droplets, rapidly dried in the spray drying tower to remove moisture, and subsequently cooled to stabilize the powder and produce the semi-finished product
"CRM"	customer relationship management
"dairy cows"	calves, heifers and milkable cows

"degassing/homogenization"	a two-step milk-processing operation in which (i) degassing removes dissolved air and other entrapped gases from milk under vacuum to reduce oxidation and foaming and improve processing stability, and (ii) homogenization mechanically reduces the size of fat globules and disperses them uniformly in the milk phase to improve emulsion stability, prevent creaming and deliver a smoother, more consistent texture
"designed capacity"	the maximum production output a facility is engineered to achieve under normal operating conditions
"DHA"	docosahexaenoic acid, a long-chain omega-3 polyunsaturated fatty acid that is a structural component of cell membranes and is naturally present in human milk and various foods, and is commonly used as a nutritional ingredient in infant formula and other dairy nutrition products
"dry mixing"	the process by which the semi-finished product is thoroughly blended with various specialized nutritional ingredients to produce the final product
"emulsifier"	a substance that enables two immiscible liquids (e.g., oil and water) to mix stably
"ESL (extended shelf life)"	processing and aseptic cold-filling that significantly extends refrigerated shelf life
"EU quality standard"	quality standards of raw milk as set forth in the Council Directive 92/46/EEC adopted in the European Union
"fermentation"	a biological process using microorganisms to convert substrates into desired products such as acids, gases, or biomass
"fresh milk"	refrigerated milk (typically pasteurized or ESL) distributed via cold chain for near-term consumption
"heifer(s)"	young female cow(s) older than six months that has not given birth to a calf or bull
"high-protein products"	milk or yogurt products with elevated protein levels to support satiety and fitness-related use cases
"higher tier cities"	Tier 1 cities and Tier 2 cities in China
"HMO"	human milk oligosaccharides
"Holsteins"	a breed of large dairy cattle that have high milk yield with unique black and white patterns on their bodies and strong adaptability to various environmental conditions
"INF 0.09-second sterilization"	an ultra-instant thermal sterilization process with a holding time of 0.09 second designed to inactivate microorganisms while better preserving product quality attributes
"infant formula"	milk-based formulas for infants and young children aged 0-36 months, typically sold as Stage 1, Stage 2, and Stage 3 products
"ingredient dissolution"	the stage at which raw milk is mixed with various raw materials and nutritional fortifiers in a vacuum mixing tank to ensure thorough blending

"KA customers"	our key account customers under our direct sales channel, comprising operators of national and regional supermarkets (with a store area of 500 sq.m. or above), and mother-and-baby chain stores and convenience store chains with standardized chain operations, unified brand presence and scaled store networks
"Krones dry aseptic filling lines"	filling lines that use dry aseptic filling technology, without relying on liquid disinfectants
"lactobacillus strains"	specific types of beneficial bacteria belonging to the genus Lactobacillus, commonly used as probiotics
"lactoferrin"	an iron-binding glycoprotein with key roles in immune defense and antimicrobial activity
"large-scale farms" or "large-scale dairy farms"	farms with 5,000 heads and more, typically have higher levels of capital investment and use more advanced technology
"liquid dairy products"	top-level category made from raw milk, covering fresh milk and yogurt as well as ambient UHT milk and yogurt, excluding plant-based beverages
"low-lactose/lactose-free"	lactose is enzymatically reduced or removed
"low-temperature yogurt"	fermented dairy with live cultures kept refrigerated for quality and viability
"Tier 3 and lower-tier cities"	all other cities and counties in China outside Tier 1 and Tier 2 cities
"membrane filtration"	a separation technology using semi-permeable membranes to concentrate, purify, or fractionate liquids
"milkable cow(s)"	dairy cow(s) that have given birth to a calf or bull, including milking cows and dry cows
"minerals"	inorganic components of feed, which are inherent components that cannot be decomposed or synthesized through chemical reactions
"mu"	an area unit used in China, equal to approximately 667 square meters
"New National Standard"	China's updated national food safety standards for infant and young child formula products (GB 10765-2021, GB 10766-2021 and GB 10767-2021), issued on February 22, 2021 and implemented on February 22, 2023
"nitrogen flushing"	the process in which through a combination of degassing and nitrogen flushing technologies, the oxygen content in milk is reduced
"nutritional standard"	the standard to determine nutritional quality of raw milk, with protein content and fat content as two of the major indicators
"OPO"	1,3-dioleoyl-2-palmitoylglycerol, a structured lipid designed to mimic human milk fat for improved fat and calcium absorption
"OTW"	order-to-warehouse, an integrated process and system that manages the workflow from receiving a customer order to its fulfillment and dispatch within the warehouse

"Pasteurization (high temperature short-time (HTST))"	high-temperature-short-time heat treatment to ensure safety while preserving flavor
"principal subsidiaries"	39 subsidiaries of our Group, each of which contributed more than 1% of our revenue or total assets during the Track Record Period
"probiotics"	live microorganisms that, when administered in adequate amounts, confer health benefits to the host
"raw milk self-supply rate"	calculated by dividing the volume of raw milk supplied by our self-owned and strategic cooperation farms for our own production by the volume of raw milk used in our production
"SAP ERP system" or "SAP systems"	an enterprise resource planning system used to integrate and manage business operations such as finance, supply chain, and production
"somatic cell count"	the total number of cells per milliliter in milk, an important quality indicator of milk; lower somatic cell count typically indicates improved sanitation and better health conditions
"SFA"	Sales Force Automation
"SKU"	Stock Keeping Unit, a unique identifier used to track products in inventory and sales systems
"spray drying"	a drying technique in which a liquid or slurry is atomized into fine droplets and exposed to hot air, causing rapid evaporation of moisture and formation of dry powder
"Stage 1"	infant formula intended for infants aged 0-6 months
"Stage 2"	infant formula intended for older infants aged 6-12 months
"Stage 3"	infant formula intended for young children aged 12-36 months
"sterilization"	the process eliminates all bacterial vegetative cells and the vast majority of spores, creating favorable conditions for lactic acid fermentation
"strain-selection"	the process of identifying and selecting specific microbial strains with desired functional characteristics
"Sucrose-free/low-GI"	Formulations that limit added sucrose or are designed to deliver a lower glycemic response
"Tier 1 cities"	Beijing, Shanghai, Shenzhen, and Guangzhou
"Tier 2 cities"	Chengdu, Hangzhou, Chongqing, Wuhan, Suzhou, Xi'an, Nanjing, Changsha, Zhengzhou, Tianjin, Hefei, Qingdao, Dongguan, Ningbo, and Foshan
"UHT (ultra-high temperature)"	thermal sterilization enabling long, ambient shelf life for milk and yogurt
"UHT sterilization"	the UHT sterilization stage subjects the product to heat treatment of sufficient intensity to inactivate all microorganisms and heat-resistant enzymes in the product
"U.S. quality standard"	the raw milk quality standards in Grade "A" premium Pasteurized Milk Ordinance issued by U.S. Department of Health and Human Services