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OVERVIEW

Who We Are

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%.
- 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.

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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 (悅鮮活), 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.

Our R&D Capabilities

We place strong emphasis on in-house R&D and innovation, maintaining our competitiveness by proactively advancing new products, new technologies, new processes and new packaging. Guided by the principle of “science-based nutrition”, 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 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 Comprehensive Value Chain



Note: As of June 30, 2026

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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.

Self-operated farms — foundation of raw milk supply. Our self-operated farms anchor our raw-milk supply for producing milk and other dairy products. As of June 30, 2026, we operated 33 dairy farms in China, supported by intelligent herd-management systems that monitor cow health, feed intake and milk yield performance, enabling scale and scientifically supported dairy farming and efficient operation. Our raw milk quality largely exceeds U.S. and EU quality standards. We maintained a herd size of approximately 196,000 heads as of December 31, 2025, which ranked No. 3 in China by herd size, according to Frost & Sullivan. Our herd size further increased to approximately 198,000 heads as of June 30, 2026. Our raw milk self-supply rate was 63% in 2025, the highest raw-milk self-supply ratio among Chinese large-scale integrated dairy companies, according to Frost & Sullivan.

Insight-led R&D and product development — consumer-driven innovation. We place consumer insights at the core of our innovation process. We translate consumer demand into diversified product solutions, leveraging our insights in emerging needs and usage scenarios across both individual consumers and corporate customers. These insights guide our integration of nutritional science and proprietary technologies throughout product development. Key technologies include INF 0.09-second sterilisation for flavor and nutrient preservation, membrane filtration for low-lactose or high-protein products, fermentation and probiotics strain-selection techniques, and breast-milk-component analysis that inform infant-formula formulation. We also develop ready-to-drink packaging formats to meet growing demand for convenience and on-the-go consumption.

Intelligent manufacturing and strict quality assurance — automated, standardized and traceable production with certified quality. We have primarily adopted an in-house production model since our establishment, ensuring consistent product quality and a secure, reliable and responsive supply chain. As of June 30, 2026, we operated 20 dairy production facilities in China, equipped with advanced production lines and automated control systems that support unmanned operations, precision monitoring and efficient production management. Our total dairy production volume reached approximately 1.5 million tons in 2025. We maintain a comprehensive end-to-end quality management system covering raw milk sourcing, supplier screening, aseptic facility design, production processes, rigorous testing and logistics. According to Frost & Sullivan, we were the first infant formula manufacturer globally to obtain the BRCGS A+ certification, and we subsequently achieved BRCGS AA+ and IFS certifications, following which we received a Nomination Award for the China Quality Award from the State Administration for Market Regulation in 2018, being honored as one of the first dairy companies to receive this recognition. According to Frost & Sullivan, Junlebao was also the first domestic infant formula brand to enter the Hong Kong and Macau markets.

Broad consumer reach — nationwide distribution and execution capabilities. We operate a broad nationwide sales network that combines distributorship and direct sales, enabling our products to reach consumers across all 31 provincial-level regions in Chinese Mainland through supermarkets, convenience stores, mother-and-baby chain stores, foodservice outlets and major e-commerce platforms. As of June 30, 2026, we had established partnerships with approximately 5,200 distributors. Our disciplined channel management model, enabled by digital retail-management tools that track shelf display, sell-through and promotion execution, ensures strong in-store execution and sustained sales performance across markets.

Our digitalized platform connects all parts of our value chain to enhance farm management, supply-chain and production management, order fulfillment and retail execution. The integration of data flows across systems provides more timely and precise insights to inform commercial decisions.

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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. Over half of our distributors had partnered with us for more than three years and these long-standing distribution partners contributed approximately 80% of our revenue generated under the distributor model during the Track Record Period. Through this network, together with our direct sales to customers including national and regional supermarkets and convenience stores, e-commerce platforms, mother-and-baby chain stores, freshly made coffee and tea chains and corporate customers, our products reach a broad range of offline and online sales channels. As of June 30, 2026, our products were available in approximately 402,000 low-temperature liquid dairy retail outlets and 66,000 formula retail outlets nationwide.

We have achieved broad nationwide sales network coverage and have begun expanding into overseas markets. During the Track Record Period, our sales network was across all 31 provincial-level regions in Chinese Mainland, with North, East, Central and South China being our core sales regions. Our liquid dairy products recorded rapid revenue growth in China’s high-consumption regions, including East, Central and South China, with aggregate growth rates in those regions exceeding 18% and 34% in 2025 and the six months ended June 30, 2026, respectively. The acquisitions of regional dairy product brands, Yinqiao (銀橋) and LESSON (來思爾), further strengthened our presence in Northwest and Southwest China. Despite our extensive coverage, the domestic market still offers significant room for further expansion. Supported by our brand equity, popular product portfolio and well-established channel-management capabilities, we expect to deepen our nationwide penetration. Our products are also available in Hong Kong, Macau, Laos and Singapore, providing a foundation for long-term growth in overseas markets.

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.

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 2026-2030, 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 2026-2030, 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 of infant formula 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.

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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.

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.

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OUR STRENGTHS

A Reputable Dairy Company in China with Sustained Growth, Strengthening our Established Position through A Strategic Focus on the Low-temperature Liquid Dairy Segment

We are a reputable dairy company in China and have achieved steady, high quality growth by aligning our strategy with evolving consumer needs and emerging market trends. According to Frost & Sullivan, we ranked No. 3 among dairy companies nationwide in terms of retail value in China market in 2025, with our market share rising from 3.8% in 2023 to 4.3% in 2025, and we ranked No. 4 in China’s liquid dairy product market in terms of retail value in 2025, with a market share of 5.9%.

Building on our ability to identify structural shifts in China’s dairy market, we have focused on the high potential low-temperature liquid dairy product segment. We have introduced flagship products that align closely with evolving consumer preferences, enabling us to deepen our penetration in the segment and outpace major competitors. We ranked No. 1 in the low-temperature liquid dairy product market in terms of retail value in China market in 2025 with a market share of 15.6%. Within this segment, we have established market position across key categories. We ranked No. 2 in the low-temperature yogurt market in terms of retail value in China market in 2025, reaching a market share of 17.3%. SimPurity (簡醇) addresses rising demand for healthier products through its low-calorie and gut-health-supporting formulation and became the No. 1 low-temperature yogurt brand in terms of retail value in China market in 2025 with a market share of 8.0%. We have also secured an established position in fresh milk. Our market share in terms of retail value increased from 5.4% in 2022 to 13.4% in 2025, ranking No. 2 in the fresh milk market. Freshjoy (悦鲜活) has become a flagship premium fresh milk brand and drove our share in the fresh milk segment to 11.0% in terms of retail value in China market in 2025, ranking No. 1 in the fresh milk segment.

Since launching our first infant formula product in 2014, we have remained committed to breast-milk research and self-developed formulation innovation. Over the past decade, this approach has enabled us to gain competitive advantage. In terms of retail value in China market, we have 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, according to Frost & Sullivan.

Systematic Capabilities to Develop Flagship Products, Underpinned by Sustained R&D Investment and Deep Market Insights

Our ability to capture market opportunities and consistently launch flagship products is supported by our long-standing investment in scientific research. We have established the Institute of Science-based Nutrition as an R&D platform and work with top-tier domestic and international research institutions, universities, and ingredient and equipment suppliers, such as Wageningen University, Kerry Dairy Ireland, DSM-Firmenich and Krones. Our research covers breast milk composition, probiotic strain development and process innovation, enabling us to design formulations that are both science-based and aligned with consumer needs. As of June 30, 2026, we have received 12 national and provincial science awards, published 83 academic papers and held 462 patents in China. Our breast milk research allows us to precisely identify nutrition components and apply these findings in infant formula development.

We focus on development and commercialization of proprietary probiotics and maintain a proprietary strain library with more than 1,000 lactobacillus strains, providing a deep reservoir of resources that underpins new product development and the creation of functional dairy offerings. Our proprietary lactobacillus paracasei N1115 has demonstrated clinically validated benefits in immunity and gut health which has been published in a world’s renowned journal, Nature, and applied in our patented strain series of SimPurity (簡醇) launched in 2025.

We have developed a systematic capability to create flagship products, demonstrated by our success in meeting emerging consumption needs and expanding use cases. In response to the rapid adoption of low-temperature liquid dairy products and the limitations of short shelf life and distribution radius, we launched Freshjoy (悦鲜活) in 2019. By combining INF 0.09-second sterilisation with low-temperature aseptic cold-filling, Freshjoy (悦鲜活) preserves more active nutrients and delivers a fresher taste while extending shelf life to 19 days, enabling nationwide

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distribution. Its transparent, portable bottle format enhances convenience and supports more flexible, beverage-style consumption occasions. By introducing differentiated features and multiple product formats, we have continued to enhance Freshjoy’s (悦鲜活) brand equity and sales potential. Freshjoy (悦鲜活) now includes SKUs of lactose-free, A2, Omega 3 and organic variants across sizes including 260 ml, 450 ml and 950 ml to meet on-the-go, at-home and freshly made coffee and tea chains’ demand. Freshjoy (悦鲜活) recorded revenue of RMB1,362.7 million and RMB1,881.2 million in 2023 and 2024, representing year-over-year growth of 38.0%, and reached RMB2,617.4 million in 2025, representing year-over-year growth of 39.1%, and reached RMB1,771.8 million for the six months ended June 30, 2026, representing period-over-period growth of 67.1%. Similarly, responding to growing demand for healthy and low-calorie products, we launched sucrose-free SimPurity (简醇) in 2017 after developing a low-calorie and gut-health-supporting formulation. The SimPurity (简醇) series has been certified as a low-GI product of genuine quality, establishing itself as a benchmark for functional yogurt products. In 2025, we launched a new SimPurity (简醇) series enriched with our patented strain cluster in portable and family-size formats, covering individual, household and meal-replacement needs.

For corporate customers in bakery and freshly made coffee and tea chains, we have addressed rising demand for high quality dairy fat ingredients by promoting localized development and production of premium cream. In 2025, we launched additive-free, high-fat whipping cream, made from raw milk through an integrated production system with no added stabilizers or emulsifiers, offering professional, high quality and cost effective solutions for these customers.

Comprehensive Value Chain for Quality Assurance, Strengthened by Digital Systems for Coordinated and Efficient Operations

Our comprehensive value chain enables us to maintain consistent product quality, ensure supply stability and operate with high efficiency across dairy farming, production, logistics and sales.

Our Dairy Farms. As of June 30, 2026, we operated 33 dairy farms in China. We maintained a herd of approximately 196,000 dairy cows as of December 31, 2025, which ranked No. 3 in China by herd size, according to Frost & Sullivan. Our herd size further increased to approximately 198,000 heads as of June 30, 2026. Our dairy farms are equipped with intelligent herd-management systems that monitor cow health, feed intake and milk yield performance. We operate our own feed-processing facilities and formulate tailored feed rations for cows at different growth stages. In 2025, the average milk yield per milkable cow in our dairy farms reached 12.2 tons and the feed cost of sales per kilogram of milk was RMB1.9 per kilogram, improving from 12.0 tons and RMB 2.1 per kilogram, respectively, in 2024, which has already reflected our farm operation efficiency. Raw milk quality from our dairy farms largely exceeds U.S. and EU standards. Our raw milk self-supply rate was 63% in 2025, the highest raw milk self-supply ratio among Chinese large-scale integrated dairy companies, according to Frost & Sullivan.

Our Production. As of June 30, 2026, we operated 20 dairy production facilities in China, strategically located near both our milk sources and key consumption markets. In 2025, we produced approximately 1.5 million tons of dairy products. Our facilities are equipped with advanced automation and intelligent control systems, enabling efficient, standardized and traceable production. For instance, we have deployed Krones dry aseptic filling lines for our fresh milk products, extending shelf life, reducing inventory loss and supporting nationwide distribution. In February 2025, our intelligent factory project was recognized by Chinese authorities, positioning us among the national benchmarks for intelligent manufacturing in the dairy industry. To further support consistent product quality, we maintain long-term partnerships with leading global suppliers of key raw materials such as whey powder, oils and vitamins, ensuring the quality and safety of raw materials from the source.

Our quality assurance. Our food safety management system is built on raw milk from our self-operated farms, a rigorously selected supplier base and advanced production equipment. We have implemented a comprehensive quality-inspection framework.

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We operate digital systems across the entire value chain to enhance efficiency, visibility and decision-making, which can link upstream farming with downstream production, logistics and multi-channel sales and distribution network. At the dairy farm level, our intelligent herd-management systems capture data on cow health, feed intake and milk yield performance, enabling data-driven optimization of feeding formulas, herd structure and barn conditions. In supply chain and production, our IoT-enabled monitoring and QR-code-based tracking provide end-to-end traceability for infant formula, covering raw milk lots, ingredient usage, process parameters and finished goods. For sales and logistics, the integration of our OTW, CRM and SAP systems supports full-chain fulfillment management, including order processing, route planning, warehouse operations, in-transit visibility and customer receipt. In channel management, our SFA and precision-marketing systems allow online oversight of retail outlets, providing insights into shelf display, sell-through and promotion execution to support product launches and market-level operational decision-making.

Broad Consumer Reach and Brand Mindset Through Diversified and Precision Marketing

We implement a diversified and data-driven marketing strategy that enables us to reach a broad consumer base efficiently and reinforce our brand positioning.

As consumers increasingly embrace active and health-oriented lifestyles, we have associated our brand with “science-based nutrition” through sponsorship in sports events, ten Chinese national sports teams, marathons and mass-participation fitness programs. In 2024, we became the official partner of ten Chinese national sports teams, including the National Gymnastics Team and the National Artistic Swimming Team. Leveraging the broad appeal of global events such as the Olympic Games, we amplify our brand image across television, digital media and elevator advertising, connecting the spirit of striving and surpassing in sports with our commitment to continuous improvement and higher product quality. Over the past decade, we have also sponsored fifty marathon and running events across cities such as Shijiazhuang and Qinhuangdao, promoting national fitness while elevating brand awareness and affinity.

With shifts in media usage habits, we continuously refine our marketing deployment to improve efficiency and reach. We collaborate with authoritative media, social platforms and popular variety shows to enhance brand awareness through thematic campaigns, product launches and featured content. For example, our brand stories and product quality initiatives were featured on CCTV News, CCTV Finance and China Media Group Mobile, extending reach across television and digital channels, gaining visibility and enhancing public engagement, reinforcing our reputation for long standing quality and innovation as well as enhancing Junlebao (君樂寶) brand equity. For key marketing themes such as our campaign with ten Chinese national sports teams, we launched targeted elevator advertising across multiple city tiers, reaching consumers in core commercial and residential areas. Combined with retail outlets execution and community marketing carried out by our local teams, these activities generated strong synergies that effectively supported sales conversion.

Through precision marketing, scenario-based communication and endorsement strategies aligned with each brand’s positioning, we highlight differentiated product attributes and align them with the needs of target consumer groups to strengthen brand positioning. SimPurity (簡醇) yogurt emphasizes its sucrose-free and low GI characteristics. Freshjoy (悅鲜活) leverages endorsements from top athletes and celebrities to influence consumers in tier 1 and tier 2 cities. Junlebao formula emphasizes on specific nutritional formulations.

Nationwide Multi-Channel Sales and Distribution Network with Strong Channel-Management Capabilities

We have established a comprehensive, nationwide sales and distribution network that supports our continued expansion across China. In 2025, our revenue generated from North China accounted for 29.0% of our total revenue and we were the largest low-temperature liquid dairy player in North China with a 23.7% market share by retail value, according to Frost & Sullivan. We have steadily broadened our reach into East, Central and South China as brand awareness and channel coverage increased. During the Track Record Period, our products were sold across 31 provincial-level regions in Chinese Mainland, and our liquid dairy products recorded rapid growth in emerging markets, with revenue in East China, Central China and South China increasing by 19.0%, 24.4%

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and 105.7% from 2023 to 2024, by 12.0%, 19.9% and 61.2% from 2024 to 2025 and by 25.4%, 36.9% and 77.4% from the six months ended June 30, 2025 to the six months ended June 30, 2026. Our acquisitions of regional brands, Yinqiao (銀橋) and LESSON (來思爾), in July 2023 further accelerated penetration in Northwest and Southwest China by leveraging their established local distribution networks. Building on this momentum, we see substantial room for further expansion. We continue to deepen our presence in established markets while expanding in East, Central, and South China as well as other regions by extending local partners and introducing more product categories through existing channels. For example, leveraging our established low-temperature yogurt footprint in East, Central and South China, we rapidly expanded fresh milk sales into these regions, with fresh milk revenue in these regions increasing in aggregate by over 46% and 63% in 2025 and for the six months ended June 30, 2026, respectively. Our products are also sold in Hong Kong and Macau, marking the beginning of our overseas expansion.

We have developed a continuously expanding multi-channel sales and distribution network. As of June 30, 2026, our network covered approximately 402,000 low-temperature liquid dairy retail outlets and 66,000 formula retail outlets across China. As of June 30, 2026, we partnered with approximately 5,200 distributors, over half of whom have partnered with us for more than three years, contributing approximately 80.0% of our revenue generated under the distributor model during the Track Record Period. Through this network, our products reach supermarkets, convenience stores, groceries, mother-and-baby chain stores, foodservice outlets and major e-commerce platforms. We also sell our products directly to KA customers, e-commerce platforms, and corporate and institutional clients and through online self-operated stores. In addition, we supply dairy ingredients to food and dining customers, mainly freshly made coffee and tea chains and bakeries through our direct sales channel and distribution channel, recording revenue of RMB1,048.3 million in 2025, representing a year-over-year increase of approximately 108.3%, and recording revenue of RMB745.4 million for the six months ended June 30, 2026, representing a period-over-period increase of approximately 79.6%.

We strengthen distributor performance and retail execution through disciplined channel management and the use of digital tools. Our disciplined channel management model leverages digital retail-management systems to track shelf display, sell-through and promotion execution, enabling dynamic adjustments to sales strategies and more precise promotion planning. We continue to optimize our distribution network by phasing out low-performing distributors and reallocating resources toward high-efficiency channels. Our selling-expense ratio has therefore declined steadily, improving marketing efficiency, with selling and distribution expenses as a percentage of our revenue decreasing from 20.5% in 2023 to 16.2% for the six months ended June 30, 2026.

Seasoned and Forward-looking Management Team with a Long-term Vision

Our senior management team, led by our founder Mr. Wei, is comprised of seasoned industry leaders with an average of more than twenty years of experience in dairy or corporate management and an average tenure of over fifteen years within our Group. With deep insights into China’s dairy market and a forward-looking strategic vision, the management team guided our steady development under a clear and long-term strategic roadmap. As early as 2014, management recognized the strategic importance of securing self-operated milk sources to ensure product quality and strengthen consumer trust, and made the decisive commitment to invest heavily in building our own dairy farms. Despite that we expanded the infant formula and fresh milk categories later than certain peers, management accurately identified the structural growth opportunities in these segments and acted decisively, which has been instrumental in establishing our current market position among integrated dairy companies.

We foster a culture that emphasizes agility, innovation and strong execution which runs through all frontline and support functions. This culture enables us to respond rapidly to market changes and maintain strong competitiveness. In addition, through the acquisitions of regional brands, Yinqiao (銀橋) and LESSON (來思爾), we have accumulated substantial experience in integrating regional dairy companies across brands, product development and channel operations, strengthening our post-merger management capabilities and laying the foundation for future industry consolidation.

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OUR STRATEGIES

Looking ahead, we will proactively respond to evolving consumer preferences, strengthen our product competitiveness, and pursue our vision for becoming a world-class company offering nutritional and healthy food products. We will execute based on the following strategies:

Invest in Product Upgrade and Portfolio Expansion through R&D

We will continue to focus on three core categories, low-temperature yogurt, fresh milk and infant formula, powered by continuous R&D, profound consumer insights and understanding of evolving demand. Leveraging our comprehensive value chain and expertise in science-based nutrition, we aim to further strengthen our market position in these categories while expanding product formats and consumption scenarios, driving ongoing optimization and upgrading of our product portfolio.

For low-temperature liquid dairy products, we will further strengthen the brand equity established by our core brands such as Freshjoy (悦鲜活) and SimPurity (简醇). To accelerate product iteration and innovation to fulfill customer needs, we will continue to invest in R&D in low-temperature liquid dairy products, optimizing technology and craftsmanship, and further leverage our supply chain advantages. In the infant formula category, our products have demonstrated strong growth potential. We will continue to invest in nutrition research, clinical validation, and formula innovation, as well as reinforce consumer awareness around the core concept of “dual excellence in brain and physical development” for building long-term trust and driving sustained market share growth. In parallel, we plan to further enrich our product portfolio and explore category-extension opportunities informed by consumer insights. Building on the market validation of our products such as cream and butter, we intend to expand into additional segments and broaden the application of dairy products across foodservice, bakery and freshly made coffee and tea chains. Looking forward, we will continue to identify emerging consumption scenarios and further expand our offerings, so as to establish new growth engines alongside our core categories.

We plan to advance foundational research in areas such as probiotics, breast-milk components, formula design and solid-state dairy formulation. Leveraging our Institute of Science-based Nutrition, we intend to accelerate proprietary strain development, study nutritional components such as HMOs and lactoferrin, and strengthen the scientific basis for functional dairy innovation. With respect to product design, we will remain focused on process innovation and formulation optimization, and are further standardizing our existing mechanisms for collecting consumer feedback. These efforts aim to strengthen our product-design capabilities and improve the timeliness and accuracy of market response. We also intend to explore new possibilities in packaging convenience, shelf-life improvement and flavor enhancement to deliver better product experiences. We will continue to strengthen our R&D talent pool and academic collaborations to support ongoing translation of scientific research into consumer-facing products.

Enhance Brand Awareness and Consumer Engagement

We view brand building as a long-term commitment. To reinforce the market position of our core brands, we tailored the brand-development programs based on each brand’s stage of growth, supported by a coordinated, multi-channel marketing strategy. Leveraging popular TV shows, film and variety-show sponsorships as well as social-media engagement, we aim to reach a wider base of younger consumers, create emotional resonance and build a youthful, continuously evolving brand portfolio.

We also plan to improve the effectiveness of our marketing efforts by strengthening data-driven precision marketing. Through optimized media allocation that reflects brand focuses, targeted consumer preferences, we aim to enhance content relevance and conversion efficiency. We will focus on high-potential regions and key cities with high per-customer consumption potential and dense consumer populations. By integrating high-frequency consumer touchpoints, such as elevator and social platforms advertisements, with optimized retail outlets operations, we will execute phased and tailored marketing initiatives. This coordinated approach is intended to drive a more efficient conversion from brand awareness to purchase and further improve regional penetration.

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Starting from Hong Kong, we plan to build brand presence overseas by combining offline advertisement such as public transportation, in-store shelf space investment and brand PR activities. We are also evaluating expansion into other overseas markets, including Southeast Asia, and expect to adopt diversified and locally tailored marketing approaches to support building our local brand images.

Deepen Channel Penetration and Expand Consumption Scenarios and Market Reach

We will continue to refine our channel strategy with a consumer-centric approach, focusing on improving retail execution, enhancing distributor performance and deepening consumer engagement with our brands. We plan to further expand our nationwide coverage by rolling out our disciplined channel management model, characterized by strong in-store activation, precision outlet and channel management, across different cities. At the same time, we will implement a network densification strategy to increase channel penetration and per-store sales productivity, ensuring consistent, high-standard presentation of our brand image and product experience across retail touchpoints. Regionally, we intend to deepen our presence in South, Southwest and Central China to fuel growth.

We will complement traditional retail channels with faster-growing new retail formats. These include emerging consumption scenarios such as freshly made coffee and tea chains and bakery, as well as channels such as group-purchase platforms, membership clubs and value retail stores. By expanding product usage cases and channel diversity, we aim to reach a wider consumer base and unlock incremental growth.

We will further explore our overseas expansion. Hong Kong will serve as our first major overseas market, and our products are also currently available in Macau, Laos and Singapore. Going forward, we will gradually expand into broader Southeast Asian markets. We will prioritize the overseas development of key brands such as Freshjoy (悦鲜活) and SimPurity (简醇). Freshjoy (悦鲜活) and SimPurity (简醇) are currently available in Hong Kong, Macau and Singapore, and we believe that broader overseas reach will enhance our capabilities in product innovation and localized market development.

Optimize Production Network and Drive Supply Chain Efficiency

We plan to continue optimizing our nationwide production network. As our business expands, we will expand and upgrade production capacity in a disciplined manner to ensure that production capacity remain closely aligned with regional demand. This approach shortens transportation distances, improves logistics efficiency and enhances market coverage. For example, we are advancing the construction of our Jiangmen facility in Pearl River Delta and our Tianchang facility in the Yangtze River Delta to reinforce low-temperature liquid dairy supply in these key regions and support deeper regional penetration while lowering transportation and distribution costs.

Our comprehensive value chain provides the foundation for consistent product quality and reliable supply across categories. This is exemplified by Freshjoy (悦鲜活), where our strict control over raw milk quality and the use of INF 0.09-second sterilisation technology have enabled us to enhance fresh flavor and extend shelf life. Building on this foundation, we will continue to explore process and packaging innovations to further improve taste, extend shelf life and enhance convenience. In parallel, we plan to strengthen our manufacturing capabilities through intelligent process upgrades and more standardized production management. These initiatives will support higher efficiency and greater quality consistency as capacity expands, enabling us to deliver fresh and reliable dairy products across a broader range of consumption scenarios.

Strengthen Digital Capabilities and Enhance Operational Performance

We will continue to strengthen our digital capabilities for better operational efficiency, as well as coordination and planning accuracy. Our long-term goal is to build an integrated digital framework that connects farming, production, logistics and sales and distribution network, enabling more agile business decision-making and more disciplined cost management.

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We plan to establish a centralized operations function supported by an integrated planning system that links sales forecasts with production schedules and procurement plannings. By monitoring sell-through and inventory data, we aim to strengthen demand prediction, align resources more effectively and enhance visibility and risk control across raw milk allocation, procurement, production, inventory, logistics and distribution.

In the sales and marketing functions, we will upgrade our order fulfillment and retail management systems to improve the accuracy, timeliness and granularity of data collected from retail outlets. We will further roll out our SFA systems to capture real-time shelf display, stock levels and promotion execution. These enhancements will reduce manual reporting, increase frontline responsiveness and improve service to distributors and retailers.

In supply chain functions, we will continue developing our digital platform to support data-driven coordination. Digital tools will help match supply and demand more precisely, integrate procurement, warehousing and logistics, and optimize inventory through more accurate procurement planning. Better coordination across factories and multi-level warehouse networks will enhance delivery reliability while reducing logistics and storage costs. For infant formula, we plan to upgrade our “dual-code” traceability system from a quality-tracking tool into a broader platform that supports more flexible production, deeper consumer engagement and more targeted marketing, further enhancing the value of our operational data and application efficiency.

Foster a High-performing Organization and Attract Strategic Talents

We believe that our success is built on our talents. We aim to strengthen our talent base, enhance organizational vitality and ensure long-term execution capability.

We will continue to retain our experienced leadership team while attracting and developing high-potential young talents who embody our entrepreneurial mindset. We plan to further enhance our talent structure by fostering a professional, versatile and diverse workforce and reinforcing the capabilities required for sustainable growth. Through culture-driven initiatives, we aim to strengthen employee cohesion and sense of belonging, enabling the organization to remain agile and resilient in a rapidly evolving market.

We intend to refine cross-department collaboration and build stronger middle-office functions centered on analytics and business enablement to improve organizational efficiency and strengthen execution. For example, we plan to deepen analytical capabilities across teams through more rigorous business and financial analysis to support resource allocation and decision-making. We will also enhance collaboration, support and review mechanisms among production, branding marketing and channel teams to facilitate the sharing of best practices, market insights and successful value chain. In addition, we will adopt flexible organizational adjustments and incentive mechanisms to respond to market changes and support the achievement of strategic objectives.

We will maintain an open and collaborative approach and continue to explore international partnerships and strategic mergers and acquisitions. Through cooperation with global leaders and research institutions, we aim to strengthen our capabilities in R&D, supply chain and market development. We will selectively explore diversified cooperation models including strategic investments, acquisitions and joint ventures to address capability gaps and extend our business boundaries, supporting long-term growth and our global development plans. As of the Latest Practicable Date, we have not identified any specific investment or acquisition targets, nor have we entered into any definitive agreements.

OUR BRAND AND PRODUCT PORTFOLIO

Our Brand Equity

Our brands have been developed for over 30 years and reflect our sustained commitment to quality, science-based nutrition and product innovation. The depth and breadth of our brand architecture enable us to address evolving consumer preferences, broaden our market reach and reinforce our position as a comprehensive dairy company in China.

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Junlebao (君樂寶) — A National Dairy Brand with Over 30 Years of Development. Junlebao (君樂寶) is our master brand. Since its launch over 30 years ago, the brand has accumulated strong consumer awareness and trust, supported by consistent quality, safety and nutritional standards. The brand’s development closely mirrors the evolution of our business, from early-stage yogurt products to a full portfolio covering formula, yogurt and milk, and serves as the core identity of our comprehensive dairy value chain. Beyond being a brand with its own product portfolio, Junlebao (君樂寶) also acts as a master brand under which we have cultivated multiple sub-brands and product lines, further extending its influence and market reach.

SimPurity (簡醇) — China’s Best-Selling Low-Temperature Yogurt Brand Focused on Sucrose-free Yogurt. SimPurity (簡醇) is our leading yogurt brand and a key driver of our competitiveness in the low-temperature yogurt market. In 2017, we launched the sucrose-free yogurt segment with SimPurity (簡醇) products, anticipating rising consumer interest in healthier dairy options. In terms of retail value in China market, the brand ranked No. 1 in China’s low-temperature yogurt market for four consecutive years from 2022 to 2025, according to Frost & Sullivan. SimPurity (簡醇) currently offers a broad selection of yogurt formats, featuring both low-temperature and ambient options.

Purjoy (純享) — Premium Yogurt Brand Focused on Purity and Simplicity. Purjoy (純享) is our premium yogurt brand positioned around purity, natural taste and simple craftsmanship. The brand builds on the use of selected raw milk and a streamlined processing approach to deliver a smooth, aromatic flavor profile. Purjoy (純享) reinforces our presence in premium yogurt segments and complements the broader yogurt portfolio led by SimPurity (簡醇).

Freshjoy (悅鮮活) — Premium Fresh Milk Powered by Technology-Defined Freshness. Freshjoy (悅鮮活) is our fresh milk brand, representing an important expansion of our portfolio into premium dairy consumption. Introduced in 2019, the brand was developed in response to growing consumer demand for fresh and minimally processed dairy products. Freshjoy (悅鮮活) ranked No. 1 in China’s fresh milk segment in terms of retail value in China market in 2025, according to Frost & Sullivan.

Youcui (優萃) — Our Science-Based Infant Formula Brand. Since entering the infant formula market in 2014, we have focused on building a domestic formula brand rooted in nutritional science and supported by sustained R&D investment. Youcui (優萃) emphasises self-developed formulation, targeted nutrition and high standards of product safety.

Youcui Baoai (優萃寶愛) — Our Latest Formula Launch Reaching the Internationally Advanced Level. Youcui Baoai (優萃寶愛) incorporates advanced research findings to provide dual support for brain and physical development. This product has been assessed by the Chinese Institute of Food Science and Technology as achieving the internationally advanced level.

In addition to our core national brands, we also operate “Banner (旗幟)”, an established formula brand that enriches our infant and child nutrition offerings, as well as “LESSON (來思爾)” and “Yinqiao (銀橋)”, which are regional dairy brands with strong local recognition. These regional brands broaden our market penetration in specific regions and support our ability to serve diverse consumer groups across different geographical markets.

Our Product Portfolio

We offer a comprehensive portfolio of dairy products to serve the diverse nutritional needs of our customers. Our main product categories include low-temperature yogurt, fresh milk, ambient yogurt, ambient milk, formula and other dairy products. Low-temperature liquid dairy products are our primary focus. In 2025 and for the six months ended June 30, 2026, revenue generated from such products accounted for 42.5% and 46.5% of our revenue, respectively.

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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%

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 the breakdown of 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.”

Low-temperature Liquid Dairy Products

Our low-temperature liquid dairy products cover both low-temperature yogurt and fresh milk, represent one of our core business segments and are a significant contributor to our revenue growth. We position this segment as a fresh and health-oriented offering designed to meet consumers’ growing preferences for nutritious, enjoyable and convenient dairy products.

Product Features

We utilize advanced processing technologies to enhance freshness, safety and nutritional retention. Freshjoy (悦鲜活) applies our INF 0.09-second sterilisation and Krones’ aseptic line technology in fresh milk production, achieving a fully aseptic process from bottle blowing through filling to capping, while yogurt production benefits from integrated fermentation-mixing that streamlines processing, reduces microbial risk and improves uniformity. Alongside these technology and processing innovation, we adopt differentiated packaging strategies that reinforce

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premium positioning and meet diverse consumption needs, offering transparent bottled formats, as well as multi-size options to support both high-frequency and family-sharing occasions. Our offering also emphasizes nutrition and health. SimPurity is certified as low-GI and featured for sucrose-free and Freshjoy has obtained “Zhong Youru Certification — Premium Grade Raw Milk” by National Dairy Technology Innovation Alliance, exceeds EU standards, and delivers around 3.6g of protein per 100ml.

Representative Products

As of June 30, 2026, we offered 198 SKUs of low-temperature yogurt and 92 SKUs of fresh milk. Our representative low-temperature liquid dairy products are set forth below:

Brand	Product				
SimPurity (简醇)					
	SimPurity (简醇) Flavoured Yogurt, 6*150g MSRP: RMB18	SimPurity (简醇) Flavoured Fermented Yogurt, 430g MSRP: RMB12.9	SimPurity (简醇) Flavoured Fermented Yogurt, 230g MSRP: RMB7.9	SimPurity (简醇) Flavoured Fermented Set Yogurt, 420g MSRP: RMB14.9	SimPurity (简醇) Flavoured Yogurt, 8*90g MSRP: RMB13.9
					
	Freshjoy (悦鲜活) Fresh Milk, 260ml MSRP: RMB6.9	Freshjoy (悦鲜活) Fresh Milk, 450ml MSRP: RMB10.9	Freshjoy (悦鲜活) Fresh Milk, 950ml MSRP: RMB19.9	Freshjoy (悦鲜活) A2β-casein Fresh Milk, 450ml MSRP: RMB11.9	Freshjoy (悦鲜活) Lactose-Free Fresh Milk, 450ml MSRP: RMB11.9
					
Freshjoy (悦鲜活)	Freshjoy (悦鲜活) Omega-3 Fresh Milk, 450ml MSRP: RMB12.9				
Purjoy (纯享)					
	Purjoy (纯享) Flavoured Fermented Yogurt, 300g MSRP: RMB9.9	Purjoy (纯享) Fruit & Veg Salad-style Yogurt, 300g MSRP: RMB9.9			
Junlebao (君樂寶)					
	Hexiannai Fresh Milk (喝鲜奶) (Pouch), 250g MSRP: RMB2.5	Duoguoli Yogurt (多果麗) (Cup), 8*90g MSRP: RMB12.9	Chewing Bar Flavoured Yogurt (嚼吧巴氏殺菌熱處理風味酸牛奶) (Pouch), 5*150g MSRP: RMB15	Laosuannai Yogurt (老酸奶) (Cup), 139g MSRP: RMB3.3	Manchun Flavoured Fermented Yogurt (慢醇風味發酵乳) (Pouch), 6*150g MSRP: RMB15
					
	Naipizi Yogurt Cheese (奶皮子酸奶酪), 120g MSRP: RMB6	Zhangzhishila Cheese Flavoured Yogurt (漲芝士啦酪風味酸牛奶) (Pouch), 180g MSRP: RMB3.9			

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Brand	Product		
Yinqiao (銀橋)			
	Yinqiao (銀橋) Bioactive Fresh Milk (Pouch), 500g MSRP: RMB4.9	Yinqiao (銀橋) Fermented Yogurt (Gable Top Carton), 200g MSRP: RMB3.5	Yinqiao (銀橋) Yuandian Farm Sucrose-free Flavoured Fermented Yogurt, 160g MSRP: RMB3.5
LESSON (來思爾)			
	LESSON Small Yogurt (來思爾小酸奶), 6*180g MSRP: RMB19.9	LESSON Xiang Yunnan Yogurt (來思爾雲南) (Pouch), 200g MSRP: RMB4	LESSON Dali Charcoal-fired Yogurt (來思爾大理炭燒酸奶) (Pouch), 190g MSRP: RMB3

Ambient Liquid Dairy Products

Our ambient liquid dairy products include both ambient yogurt and ambient milk.

Product Features

Our ambient dairy products features shelf stability, balanced nutrition and flexible packaging. Through Ultra-high-temperature sterilisation and aseptic filling, our ambient yogurt and ambient milk products achieve long shelf life and room-temperature stability, enabling broad distribution. At the same time, our ambient milk retains essential nutritional attributes such as protein and calcium, while ambient yogurt offerings incorporate specific formulations tailored to different tastes and functional preferences. Building on the shelf stability and balanced nutrition, we offer a variety of packaging formats, including single-serve cartons for portability and multi-pack family sizes, supporting both home consumption and on-the-go drinking needs.

As of June 30, 2026, we offered 44 SKUs of ambient yogurt and 136 SKUs of ambient milk. Our representative ambient liquid dairy products are set forth below:

Brand	Product	
SimPurity (簡醇)		
	SimPurity (簡醇) Yogurt (Tetra Prisma Aseptic) 12*200g MSRP: RMB54.9	SimPurity (簡醇) Yogurt (Tetra Top Aseptic) 10*200g MSRP: RMB65
Youcui (優萃)		
	Youcui (優萃) Organic Pure Milk (Tetra Brik Aseptic Edge), 10*250ml MSRP: RMB55	

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Brand	Product		
Yinqiao (銀橋)			
	Yinqiao (銀橋) Walnut and Peanut Milk (Aseptic Pillow Pack), 16*220g	Yinqiao (銀橋) Yuandian Farm Pure Milk (SIG Combibloc Pack), 12*250ml	
	MSRP: RMB33.9	MSRP: RMB39.9	
LESSON (來思爾)			
	LESSON (來思爾) Dali Farm Pure Milk (Slim Brick), 12*250ml	LESSON (來思爾) Mofei Buffalo Pure Milk (Slim Brick), 12*200ml	
	MSRP: RMB39.9	MSRP: RMB49.9	
Junlebao			
	KEFIR (開啡爾) Yogurt (Tetra Prisma Aseptic), 12*200g	Baixiaochun (君樂寶白小純) Milk (Pouch), 16*180ml	Junlebao Excellent Pasture (君樂寶優致牧場) Milk (Slim Brick), 12*250ml
	MSRP: RMB50	MSRP: RMB32	MSRP: RMB45

Formula Products

Our formula business was launched in 2014 and has since developed into a significant part of our dairy portfolio. Despite entering the market later than many industry peers, we have rapidly expanded our presence and established a meaningful market position, supported by our comprehensive value chain, R&D capabilities and multi-brand strategy. Our portfolio covers infant formula for babies aged 0 to 36 months, child formula and adult formula, enabling us to provide tailored nutritional solutions for consumers across different age groups. As of Latest Practicable Date, we had 24 registered formulas for our infant formula products.

Product Features

Our formula products offer comprehensive early-life nutrition, enriched with DHA and ARA for cognitive growth, OPO for gentle digestion, and HMOs for gut health, ensuring “dual excellence in brain and physical development.” Certified with BRCGS AA+ and IFS, our production facilities uphold international quality standards through rigorous inspections and full-process traceability supported by a dual-code system on packaging. Furthermore, we maintain innovative processing technology and advanced testing capabilities. By integrating farming-and-processing model, fresh raw milk is delivered directly to the production line through sealed pipelines within 98 seconds without interim storage or transport, ensuring a maximum two-hour timeframe from milking to processing and preserving critical bioactive components. We also adopt zebrafish assays for safety and proprietary methods for human-milk bioactives, which guide designs closer to breast milk. Extending these capabilities across all age group, our formulas products include infant products fostering brain and physical development, child formulas supporting cognition, immunity, growth, and digestion, and adult formulas enriched with fiber, vitamins, and minerals to meet daily nutritional needs.

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Representative Products

As of June 30, 2026, we offered 326 formula SKUs. Our representative formula products are set forth below:

Type	Product				
Infant Formula	 Youcui Baoai (優萃寶愛) Infant Formula Stage 1/2/3 (Tin Pack), 800g MSRP: RMB310	 Banner (旗幟) Infant Formula Stage 1/2/3 (Tin Pack), 906g MSRP: RMB298	 Tianshi (恬適) Infant Formula Stage 1/2/3 (Tin Pack), 800g MSRP: RMB298	 Zhizhen (至臻) Infant Formula Stage 1/2/3 (Tin Pack), 805g MSRP: RMB298	 Lebo (樂鉞) Infant Formula Stage 1/2/3 (Tin Pack), 800g MSRP: RMB196
Child Formula	 Xiaoxiaoluban (小小魯班) Child's Growth Formula (Tin Pack), 800g MSRP: RMB156	 Xiaoxiaoluban (小小魯班) Child's Growth Formula (Tin Pack), 800g MSRP: RMB260			
Adults Formula	 Nongchun Pure (濃純) Milk Formula (Pouch), 300g MSRP: RMB29.9	 Middle-aged and Elderly High-Calcium and Multi-Vitamin Formula (Tin Pack), 700g MSRP: RMB59.9	 Calcium, Iron and Zinc Formula (Tin Pack), 800g MSRP: RMB79.9		

Other Dairy Products

Our other dairy products cover a broad range of categories, including lactic acid bacteria beverages, yogurt drinks, cheese and whipping cream. In particular, in 2025 we launched our additive-free, high-fat whipping cream, made exclusively from raw milk through an integrated production system with no added stabilizers or emulsifiers, offering professional, high quality and cost-efficient solutions for corporate customers. Several of these product lines have achieved strong market responses during promotion and have become an important component of our business.

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As of June 30, 2026, our representative other dairy products are set forth below:

Type	Product		
For corporate customers . . .			
	Whipping cream (稀奶油), 1L	Junlebao Plain Butter, 25kg	
For individual customers . . .			
	Junchang Fiber Lactic Acid Bacteria Beverage (君暢乳酸菌飲品), 1.25kg MSRP: RMB15	DailyVia (每日活菌), 800ml MSRP: RMB9.9	Junlebao Laissi (君樂寶萊茜) yogurt drinks, 300ml MSRP: RMB5

Dairy Farming and related Products

Raw Milk

We primarily use raw milk produced by our self-operated dairy farms for the manufacturing of our dairy products, while a portion of the raw milk is also sold to business customers. Our raw milk primarily serves dairy product companies and related food enterprises. Upon entering into contracts with customers, we allocate raw milk from our self-operated farms according to their specific requirements, including type of milk, quality standards and transportation distance.

Feed and Beef Cattle

During the Track Record Period, we also sell forage and feed for dairy farming, and beef cattle. We ceased to sell beef cattle in 2024.

Other Business

We have also engaged in ancillary operating activities that arise alongside our principal dairy operations. These activities mainly involve: (i) sales of semi-processed dairy ingredients. To improve raw milk utilization and operational efficiency, we sell certain semi-processed dairy ingredients that are intended for further processing into dairy products, to third parties. These mainly include whole milk powder, skimmed milk powder and cream, which are produced by processing surplus raw milk from our dairy farming operations through (i) pasteurization, concentration and spray-drying for whole milk powder and skimmed milk powder; and (ii) centrifugal separation for cream. These products are primarily sold to dairy and food manufacturing companies as production inputs for further processing. 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, which is beneficial to the overall profitability of our dairy operations; (ii) sales of eggs and non-staple food products. In response to procurement requirements from certain institutional clients, including education bureaus and schools, we procure and supply eggs and selected non-staple food products together with our dairy products as part of bundled product offerings; (iii) sales of packaging materials. In connection with our own packaging operations for dairy products, we utilize surplus packaging capacity to provide packaging materials to third-party customers; (iv) contract manufacturing services. To improve manufacturing capacity utilization of production facility in certain regime, we provide toll manufacturing services to third parties; and (v) sales of residential units primarily to our employees. During the Track Record Period, to address the housing needs of local employees and support the

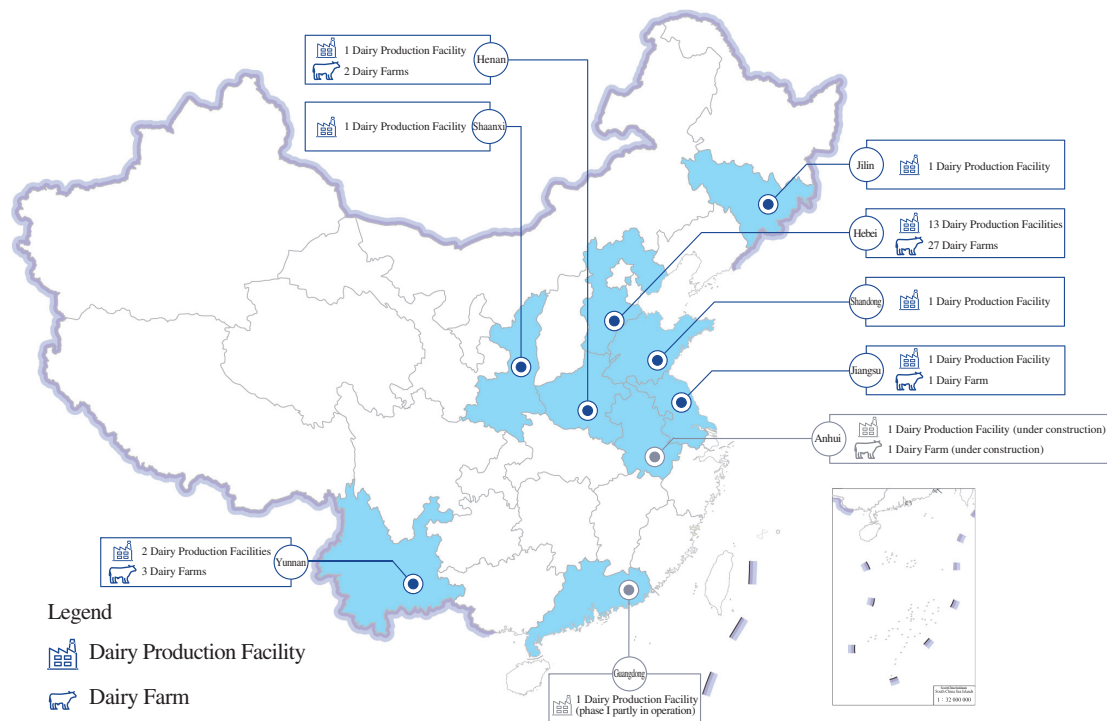
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recruitment of mid- to senior-level talent, we developed residential units that were primarily sold to our employees and their immediate family members. Such activity was undertaken mainly as a staff welfare initiative to improve commuting convenience and living conditions. We have ceased to engage in property development activities since March 2026, and all residential units developed by us had been sold or retained as self-owned properties used as staff quarters as of the end of March, 2026.

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 map sets forth the geographical distribution of our dairy farms and dairy production facilities in China as of June 30, 2026.



Note: For illustrative purpose only, the map (Map Review Number (審圖號): GS(2019)1823) is presented to demonstrate the layout of our dairy farms and dairy production facilities in China.

Dairy Farming Operation

Our raw milk serves as the foundation for our extensive portfolio of dairy products. As of June 30, 2026, we operated 33 dairy farms, including two organic farms and nine dedicated A2-herd farms, located in Hebei, Yunnan, Henan and Jiangsu provinces. As of June 30, 2026, we had a total herd size of approximately 198,000 dairy cows. We utilize gene-based screening technology to identify cows carrying the A2/A2 β -casein genotype. These A2-designated cows produce raw milk containing over 0.9g of A2 β -casein per 100ml. In 2025 and for the six months ended June 30, 2026, A2 raw milk accounted for approximately 11% and 15% of our total raw milk production volume. By leveraging economies of scale, advanced herd genetics, precision feeding, and stringent quality control across our farms, we are able to achieve high yields and consistent raw milk quality. Throughout the Track Record Period, both our raw milk production volume and average milk yield per milkable cow have shown steady improvement. In 2023, 2024 and 2025 and for the six months ended June 30, 2026, our raw milk production volume amounted to 846 thousand tons, 1,133

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thousand tons, 1,157 thousand tons and 620 thousand tons, respectively. In 2023, 2024 and 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 Farms

Our dairy farms are an essential part of our operations, ensuring stable supply, strong quality control and sustainable development. Supported by favorable government policies, we have vigorously developed large-scale dairy farms to enhance economies of scale and operational efficiency.



Note: Our Banner dairy farm in Hebei province.

As of June 30, 2026, we operated 33 dairy farms in China, with an aggregate gross land area of approximately 29,000 mu. A significant proportion of our farms are large-scale operations. The herd size of our large-scale farms accounted for approximately 80% of our total herd size as of June 30, 2026. We attach great importance to the strategic location of our dairy farms. Most of our farms are located in regions with optimal conditions for dairy farming, such as our dairy farms in Hebei, benefiting from a mild climate, abundant forage resources and plentiful fresh water, all of which contribute to high milk yields and quality. In addition, our farms are situated close to our major production facilities to ensure rapid transportation of fresh raw milk and efficient integration with our downstream production. The following table sets forth the locations of our dairy farms in operation as of June 30, 2026:

Locations	Number of dairy farms	Size (mu)	Designed capacity (heads)	Numbers of milkable cows (heads)	Number of heifers and calves (heads)
Hebei	27	24,886	179,588	83,662	78,393
Yunnan	3	1,400	16,000	5,586	6,284
Henan	2	2,260	17,000	9,380	7,414
Jiangsu	1	305	4,800	2,224	1,903

As of June 30, 2026, the utilization rate of our 33 self-operated dairy farms, calculated by dividing the number of herd size by the designed capacity, was 89.6%.

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%

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	As of December 31,			As of June 30,
	2023	2024	2025	2026
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%

The utilization rate of our dairy farms recorded an overall increase primarily due to the herd expansion through reproduction.

The table below summarizes the details of our dairy farm under construction as of the Latest Practicable Date:

Farm	Location	Commencement of Construction	Expected Completion of Construction	Designed Capacity (Number of Dairy Cows)	Expected Size (mu)	Estimated Total Investment Costs (RMB in thousands)
Tianchang Dairy Farm ^{Note} . . .	Anhui Province	March 2023	December 2026	10,000	1,082	245,860

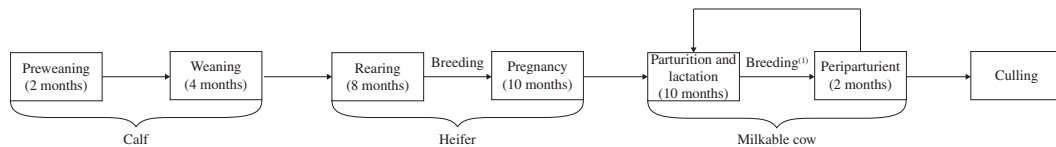
Note: As of June 30, 2026, Tianchang Farm completed the construction of the heifer barn and had six milkable cows and 3,479 heifers.

Our Dairy Cows

Our dairy cows form the foundation of our integrated dairy farming operations and are critical to ensuring a consistent supply of raw milk for our diverse range of dairy products. Through scientific breeding, rearing and feeding practices, we continuously enhance the productivity, longevity, and performance of our dairy cows.

Breeding

The following flowchart presents the dairy cow lifecycle under our breeding program:



Note:

- (1) Dairy cows are rebred two months after parturition and subsequently enter pregnancy.

Our breeding program is continuously optimized through advanced genetic selection, artificial insemination, and scientific herd management. We use frozen bovine semen from top-tier suppliers to enhance herd genetics, and import pure-bred heifers from reputable sources in Australia, New Zealand, and Chile to strengthen diversity and productivity. Supported by data analysis and health monitoring, we achieved improvements in milk yield, reproductive performance, and disease resistance. We also implement culling to remove cows that fall short of standards, ensuring overall herd health and efficiency. As of June 30, 2026, we had approximately 198,000 dairy cows, the majority of which are Holsteins.

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Rearing

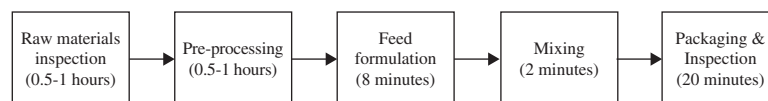
The herd structure includes milkable cows, heifers and calves. We adopt scientific rearing protocols covering feeding, livestock housing, vaccination, and health monitoring, utilizing smart farming technologies and automated management systems effectively. Our modern rearing facilities are designed to provide a clean, comfortable, and safe environment for all stages of herd development, reducing disease risk and supporting steady herd growth. 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

Note: The total number of milkable cows, heifers and calves as of June 30, 2026 comprised those in our dairy farms in operation as of June 30, 2026, as well as six milkable cows and 3,479 heifers in Tianchang Farm, which is still under construction.

Feeding

We believe that the quality, safety, and consistency of feed are critical to the overall health and productivity of our dairy herd. We have established a comprehensive feed system covering feed formulation and production. Our forage is sourced from reputable suppliers under strict quality standards. Leveraging advanced feed formulation and precision nutrition technologies, we tailor nutrient-rich diets to herds in different stages of growth and lactation, ensuring optimal energy, protein, and mineral balance. Since 2024, we have operated a modern feed mill for premix feed in Hebei Province with an annual capacity of approximately 50,000 tons, equipped with automated production lines and stringent quality control systems to guarantee feed safety and efficiency. The following flowchart presents the feed formulation and production process under our comprehensive feed system:



The following table sets forth the breakdown of production capacity, production volume and utilization rate of our feed:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Production capacity	—	51,739	51,739	25,870
Production volume	—	32,255	50,032	27,940
Utilization rate	—	62.3%	96.7%	108.0% ⁽¹⁾

Note:

- (1) The utilization rate of our feed mill exceeded 100% in the first half of 2026, primarily due to: (i) increased demand for our feed products, which led us to operate beyond the standard assumptions used in calculating production capacity; and (ii) a more concentrated production mix of major feed products, which improved production efficiency.

Our feed mill commenced production in January 2024. The utilization rate for our feed mill increased from 62.3% in 2024 to 96.7% in 2025, primarily due to the feed mill was still in the ramp-up stage in 2024 and reached nearly full capacity in 2025.

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The following table sets forth certain key operating metrics for our dairy farming operation during the Track Record Period.

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Culling rate ⁽¹⁾ (%)	14.3	17.0	19.9	22.4
Average milk yield per milkable cow (tons)	11.9	12.0	12.2	12.8
Feed cost of sales per kilogram of milk (RMB/Kg)	2.3	2.1	1.9	1.8
Production volume of raw milk (thousand tons)	846	1,133	1,157	620
Internal use (thousand tons)	681	871	1,004	541
External sales (thousand tons)	151	231	127	66
Internal utilization rate (%)	80.5	76.9	86.8	87.2

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Production volume of feed (tons)	—	32,255	50,032	27,940
Internal use (tons)	—	15,558	18,545	10,136
External sales (tons)	—	15,218	32,343	17,306
Internal utilization rate (%)	—	48.2	37.1	36.3

Note:

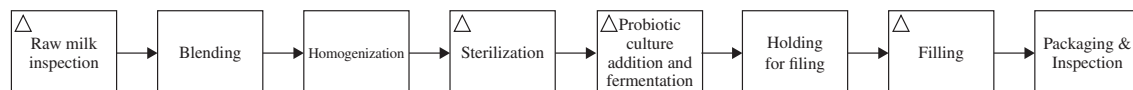
- (1) Culling rate refers to the percentage of cows removed from a herd through sale and other means when they no longer meet our criteria for milk yield or fertility to optimize the dairy herds, relative to the average herd size for the year/period.

Our culling rate increased from 14.3% in 2023 to 17.0% in 2024 and further increased to 19.9% in 2025 and 22.4% for the six months ended June 30, 2026, primarily due to aging of herds. Our production volume of raw milk increased from 846 thousand tons in 2023 to 1,133 thousand tons in 2024 and further increased to 1,157 thousand tons in 2025, primarily due to continuous improvements in herd management. Our feed cost of sales per kilogram of milk decreased from 2.3 RMB/Kg in 2023 to 2.1 RMB/Kg in 2024 and further decreased to 1.9 RMB/Kg in 2025 and 1.8 RMB/Kg for the six months ended June 30, 2026, primarily due to decline in feed raw material price and increase in production volume of raw milk.

Production

Our Production Process

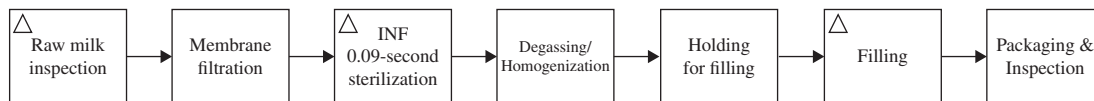
Low-Temperature Yogurt



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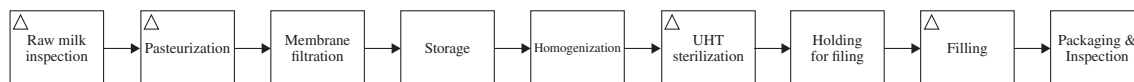
Our low-temperature yogurt production process typically comprises the following key stages: raw milk inspection, blending, homogenization, sterilization, probiotic culture addition and fermentation, holding for filling, filling, packaging, and finished product inspection. We employ pasteurization technology in the sterilization stage. The sterilization stage eliminates harmful pathogenic bacteria in the milk and the vast majority of spores, creating favorable conditions for lactic acid fermentation.

Fresh Milk



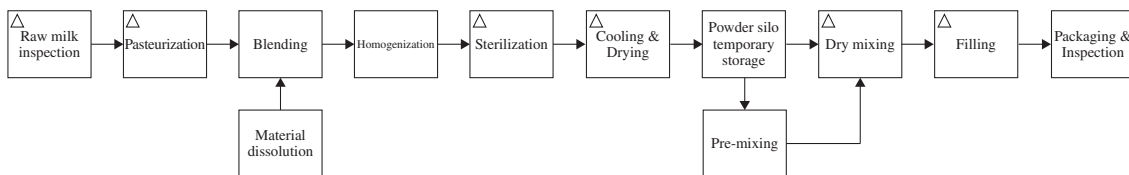
Our fresh milk production process typically comprises the following key stages: raw milk inspection, membrane filtration, INF 0.09-second sterilization, degassing/homogenization, holding for filling, filling, packaging, and finished product inspection. We employ our key technology, INF 0.09-second sterilization, in the sterilization stage. This sterilization stage eliminates all pathogenic bacteria while inactivating enzymes that may affect product flavor and shelf life, thereby ensuring product quality.

Ambient Milk



Our ambient milk production process typically comprises the following key stages: raw milk inspection, pasteurization, membrane filtration, storage, homogenization, UHT sterilization, holding for filling, filling, packaging, and finished product inspection. The pasteurization stage eliminates harmful pathogenic bacteria in the milk. The UHT sterilization stage subjects the product to heat treatment of sufficient intensity to inactivate all microorganisms and heat-resistant enzymes in the product.

Formula



Our formula production employs a combined wet and dry processing method, comprising the following key stages: raw milk inspection, pasteurization, blending, homogenization, sterilization, cooling & drying, powder silo temporary storage, dry mixing, and filling. During the ingredient dissolution stage, raw milk is mixed with various raw materials in a vacuum mixing tank to ensure thorough blending. The mixed materials undergo preheating, homogenization, and sterilization to ensure uniform fat dispersion and effective microbial control. We employ our key technology, sterilization with precise temperature control, in the sterilization stage, which exercises strict temperature and duration control to ensure consistent product quality. Following sterilization, the materials are evaporated and concentrated before entering the drying tower for spray drying and cooling to produce semi-finished powder. During the dry mixing stage, the semi-finished product is thoroughly blended with various specialized nutritional ingredients to produce the final product, with strict control over mixing parameters to ensure uniform product mixing and consistent quality across batches.

Note: processes marked with “△” represent critical control points in the production workflow.

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Our Production Arrangements

The dairy products for our own sale are produced through (i) in-house production at our self-owned facilities for our proprietary products; (ii) engagement of third-party manufacturing partners to produce on our behalf. To a limited extent, we also provide toll manufacturing services at our self-owned facilities for third-party clients. Our production arrangements are determined based on the following criteria. We prioritize in-house production when our production capacity is sufficient and product freshness and delivery timeliness can be maintained. Third-party manufacturing partners are engaged where (a) certain product lines have insufficient capacity or we do not have corresponding production lines; or (b) a manufacturing partner located closer to the target market better maintains product freshness and reduces transportation costs. We selectively accept toll manufacturing orders to make full use of our available production capacity, subject to internal pricing guidelines that set minimum margin requirements based on the prevailing utilization level of the relevant production lines.

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. The following table sets forth the breakdown of the production volume for our dairy products (i.e. excluding toll manufacturing) by production source during the Track Record Period.

	For the Year Ended December 31,						For the Six Months Ended June 30,	
	2023		2024		2025		2026	
(tons in thousands, except for percentages)								
Self-Production	1,071.3	83.2%	1,324.6	83.7%	1,414.4	82.4%	776.3 ⁽¹⁾	84.1%
Manufacturer Partners	215.8	16.8%	258.6	16.3%	301.8	17.6%	146.8	15.9%
Total	1,287.1	100.0%	1,583.2	100.0%	1,716.2	100.0%	923.1	100.0%

Note:

- (1) The self-production volume for the six months ended June 30, 2026 include the partly commenced production lines in Jiangmen production facility since April 2026.

Our Self-owned Production

Our self-owned production facilities primarily manufacture our proprietary products to meet market demand across our diverse product portfolio. To a limited extent, we also provide toll manufacturing services to selected third parties, leveraging our excess production capacity and advanced manufacturing capabilities. Under these toll manufacturing arrangements, we produce specified products for third-party clients in accordance with their requirements and receive processing fees for our services. This complementary business model enables us to optimize our capacity utilization, enhance operational efficiency, and generate incremental revenue streams, while our core focus remains firmly on the production and distribution of our own branded products. During the Track Record Period, toll manufacturing represented a minor portion of our overall production activities. In 2023, 2024 and 2025 and for the six months ended June 30, 2026, the total volume from toll manufacturing amounted to 32 thousand tons, 52 thousand tons, 44 thousand tons

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and 22 thousand tons, representing 2.9%, 3.8%, 3.0% and 2.7% of our total actual production output in the respective periods. The following table sets forth the breakdown of our standard production capacity, proprietary production volume, toll manufacturing volume and utilization rate of our self-owned factories by major product categories for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,	
	2023		2024		2025		2026	
	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products
<i>(tons in thousands, except for percentages)</i>								
Standard production capacity⁽²⁾	1,842.9	201.1	2,184.2	219.0	2,392.2	223.8	1,193.8	116.4
Total actual production volume	1,014.9	88.7	1,269.4	107.7	1,347.5	111.1	744.0 ⁽⁵⁾	54.2
– Production volume for our products	992.1	79.2	1,238.9	85.7	1,323.6	90.8	732.5	43.8
– Production volume for third-party clients	22.8	9.4	30.5	22.0	23.9	20.3	11.5	10.4
Utilization rate⁽³⁾	55.1%	44.1%	58.1%	49.2%	56.3%	49.6%	62.3%	46.6%
Raw milk self-supply rate⁽⁴⁾		58.6%		66.3%		63.0%		62.4%

Notes:

- (1) Liquid dairy products comprise low-temperature yogurt, fresh milk, ambient yogurt, ambient milk and other liquid dairy products, certain of which are manufactured on shared production lines with flexible capacity allocation to optimize production efficiency.
- (2) The standard production capacity for the year/period is calculated based on the assumption that all production lines are operated at a practicable high utilization level, with allowances for reasonable factors such as routine maintenance, equipment upgrades and public holidays. 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.
- (3) The utilization rate equals total actual production volume divided by the standard production capacity in the respective year/period. The relatively low utilization rates of our self-owned factories during the Track Record Period were primarily attributable to the following: (i) first, utilization rates varied across our product categories. Consumer demand has continued to shift towards low-temperature liquid dairy products, including low-temperature yogurt and fresh milk, while demand for formula and certain ambient liquid dairy products, in particular ambient milk and lactic acid bacteria beverages, has gradually softened, in line with broader industry trends. During the Track Record Period, most of our production lines for low-temperature liquid dairy products maintained utilization rates of around 70% or above in most months, while most of our production lines for formula and certain ambient liquid dairy products had utilization rates below 50%. These lower-utilization production lines accounted for the majority of our unused capacity. (ii) second, the months of higher demand differed from product to product. For example, certain of our low-temperature yogurt production lines ran at close to full capacity from June to August, while certain of our ambient milk production lines reached higher utilization rates mainly in the fourth quarter. To ensure sufficient supply during these peak months, we need to maintain the corresponding production capacity, so the relevant production lines had relatively lower utilization rates in the remaining months, which brought down our average utilization rate for the full year.
- (4) Our raw milk self-supply rate increased from 58.6% in 2023 to 66.3% in 2024, primarily due to our continuous improvements in herd management, and then decreased to 63.0% and 62.4% in 2025 and for the six months ended June 30, 2026, respectively, primarily due to the disposal of Junhong Farm and Junkang Farm in November 2024, which was part of our strategy to optimize the asset portfolio.
- (5) The self-production volume for the six months ended June 30, 2026 include the partly commenced production lines in Jiangmen production facility since April 2026.

Our Manufacturing Partners

To maintain production flexibility and optimize capacity utilization in response to market demand fluctuations, particularly during major holidays or large-scale sales campaigns, and to serve certain sales regions where we have not yet established our own production capacity, we engage selected third-party manufacturing partners to undertake a limited portion of our dairy product

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manufacturing. These products primarily include ambient milk, ambient yogurt, fresh milk, and low-temperature yogurt. During the Track Record Period and up to the Latest Practicable Date, all of our manufacturing partners were Independent Third Parties.

We assess potential partners based on several key factors, including (i) production capacity and scalability to meet fluctuating demand; (ii) quality management systems and food safety certifications; (iii) specialized experience in dairy manufacturing, including cold chain management capabilities; (iv) production credentials and regulatory compliance track record; (v) geographic proximity to our target markets to ensure product freshness, particularly for our low-temperature liquid dairy products with shorter shelf lives; and (vi) financial stability and operational reliability to ensure long-term sustainable cooperation. We typically conduct comprehensive due diligence, including multiple rounds of on-site factory inspections covering facility layout, equipment conditions, hygiene standards, and production processes, as well as quality system audits and sample testing, before finalizing our cooperative manufacturing arrangements. Our cooperation agreements with manufacturing partners are generally set for a term of one to two years, with renewal decisions contingent on rigorous performance evaluations.

We conduct regular formal evaluations of our manufacturing partners, assessing their performance across various dimensions including production capacity utilization, product quality consistency, delivery punctuality, regulatory compliance, and responsiveness to our requirements. In the event of any failure by our manufacturing partners to meet our internal guidelines and policies, or if any material quality or safety issues arise, we may suspend cooperation pending corrective actions or terminate the relationship entirely. We value long-term stable partnerships with our cooperative manufacturers and have maintained relatively enduring relationships with many of them. As of June 30, 2026, we cooperated with 22 manufacturing partners for our dairy production, all of which are third-party manufacturing companies with substantial experience in the dairy industry.

The following table sets forth the salient terms of our typical arrangements with manufacturing partners:

Duration	Generally one to two years, subject to renewal based on performance evaluation
Scope	Manufacturing partners produce specified products under our brand in accordance with our product formulas, specifications and packaging designs
Raw materials	We typically supply the principal raw materials and packaging materials to the manufacturing partner, or the manufacturing partner procures raw materials from our designated suppliers or suppliers approved by us
Pricing	Fixed processing fees on a per-unit or per-ton basis, subject to adjustment when raw material costs fluctuate by more than 3%
Payment	Monthly settlement based on the quantity of qualified products received by us, with payment typically made within 7 to 16 working days after receipt of invoice
Termination	Either party may terminate with one month’s prior written notice. Upon termination, remaining inventory of raw materials and finished products shall be returned to us within 30 days

Under our cooperative manufacturing agreements, in the event of product quality defects or food safety incidents arising from deviations from our quality standards during the manufacturing process, the relevant manufacturing partner bears ultimate responsibility pursuant to the contractual arrangements, including compensation for product losses, product recall costs, consumer claims and related penalties. In addition, under the first-response mechanism (首負責任制) of the Food Safety Law of the PRC (《中華人民共和國食品安全法》), if consumers raise claims against us in respect of product quality or food safety issues, we are required to make advance payments to consumers,

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and may subsequently seek recovery from the relevant manufacturing partner pursuant to the above contractual arrangements. As advised by our PRC Legal Advisor, the above liability allocation arrangements are in compliance with relevant PRC laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in procuring services from manufacturing partners, nor have we encountered any material disputes or delays in delivery of products by our partners which caused material disruption to our operations.

Our Production Equipment

We continuously invest in upgrading our production lines by introducing advanced equipment from leading domestic and international suppliers, which enables us to enhance our production capacity while improving manufacturing techniques. Our production equipment portfolio includes advanced systems and equipments such as membrane filtration systems and steam direct heating ultra-high temperature sterilization machines, supported with our digitalized and automated manufacturing operations. Our key equipment includes raw milk processing systems, sterilization systems (including our proprietary INF 0.09-second sterilization), fermentation tanks for yogurt production, and filling and packaging machines adapted to various product formats. For infant formula production, our facilities are equipped with specialized systems supporting our wet-dry combination process, including spray drying towers, vacuum mixing equipment, dry mixers, and automated filling lines. Our production lines also incorporate membrane filtration equipment and cold chain systems to ensure product quality and freshness. Certain advanced production lines in our facilities have achieved full automation from raw material input through final packaging. We regularly inspect and maintain our production equipment to ensure optimal operating conditions and production safety. We have established a comprehensive equipment management system covering usage protocols, inspection procedures, and preventive maintenance schedules, with automatic detection and monitoring devices installed at critical production stages.

Production Capacity Expansion Plan

To ensure our production network remains aligned with regional market demands and supports our continued growth, we are strategically expanding our production capacity to enhance our regional manufacturing footprint. Our capacity expansion initiatives focus on addressing supply chain challenges in key growth markets, including temperature control and quality preservation requirements for fresh milk and low-temperature liquid dairy products through enhanced cold chain capabilities and localized production. As of the Latest Practicable Date, we had two new production bases under or planned for construction.

The table below sets out details of our production capacity expansion plan:

<u>Factories</u>	<u>Product Category</u>	<u>Estimated Increased Standard Annual Production Capacity</u> <i>(tons in thousands)</i>	<u>Estimated Time of Commencement of Production for All Production Lines</u>	<u>Estimated Total Investment</u> <i>(RMB in millions)</i>
<i>New Factory Construction</i>				
Jiangmen Facility (Phase I)	Low-temperature liquid milk, ambient milk, and other dairy products	251.4	2026	585.0
Tianchang Facility . .	Low-temperature liquid milk	137.0	2027	586.1

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RESEARCH AND DEVELOPMENT

Research and development is central to our competitive strategy, enabling us to deliver well-established products and maintain market position. Guided by the principle of “science-based nutrition,” our in-house research and innovation underpin our ability to upgrade formulations, develop new products, meet evolving consumer demands, and maintain competitiveness. Our R&D efforts span fundamental research and applied development, translating scientific advances into tangible product advantages including enhanced nutritional profiles, improved processing efficiency, and cost optimization.

Our R&D Capabilities

We have established a dedicated R&D platform, the Institute of Science-based Nutrition (科學營養研究院), which collaborates with top-tier domestic and international research institutions and universities, as well as raw material and equipment suppliers. Our research covers key areas, including dairy technologies, formulation innovation, clinical efficacy validation, breast milk composition studies, proprietary probiotic development and commercialization, and process engineering.

Our R&D capabilities are closely integrated with our product development pipeline. For example, our breast milk research has supported formulation development for our Youcui (優萃) infant formula series, delivering products focused on brain development and physical growth. Our proprietary strain screening and fermentation technologies enable SimPurity (簡醇) to offer clean-label, sucrose-free yogurt with desirable taste and texture. Our steam immersion sterilization and flavor preservation technologies, applied in Freshjoy (悅鲜活), maximize the retention of natural active components while achieving operational efficiency. Our membrane filtration technology for low-lactose or high-protein products balances taste and functionality, offering consumers healthy and diverse choices.

Our R&D Team

As of June 30, 2026, our R&D team consisted of 187 employees, the majority of whom hold graduate degrees. We continuously recruit talented doctoral and master’s graduates from renowned universities and maintain long-term collaborative relationships with several top research institutions, cultivating and attracting young R&D talent through joint research programs. This talent strategy enables our R&D team to maintain a favorable age structure and innovative vitality. To attract and retain R&D talent, we offer competitive compensation and benefits packages to our R&D professionals. We have also clearly defined promotion pathways and criteria for technical R&D personnel, encouraging employees to achieve career development through dedicated effort. Furthermore, we have established an internal expert pool and provide those talents with external learning opportunities. We have implemented a project-based system to provide a platform for all R&D personnel to showcase excellent ideas and innovation attempts.

While maintaining our position as the principal body of independent R&D, we actively expand multi-level external collaborations with top-tier domestic and international research institutions, universities, as well as ingredient and equipment suppliers, through joint R&D or commissioned R&D arrangements.

In general, the principal terms of our R&D collaboration agreements during the Track Record Period are set out below:

Term. The collaboration agreement is typically project-based, with the term determined by reference to the nature, scope and complexity of the research project.

Scope and Responsibilities. The scope of collaboration, research objectives and the responsibilities of each party are specified in the agreements. For joint R&D arrangements, both parties contribute resources, expertise and personnel. For commissioned R&D arrangements, the commissioned party is primarily responsible for conducting the agreed research activities and delivering the agreed results.

Fees and Payment. R&D collaboration fees are determined based on the scope of the project and are typically payable in installments in accordance with agreed project milestones.

Intellectual Property. The ownership of intellectual properties arising from R&D collaborations is specified in the agreements based on the nature of the collaboration and the respective contributions of each party, and generally falls into one of the following categories: (i)

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co-ownership between the collaborating party and us; (ii) sole ownership by the collaborating party; or (iii) sole ownership by us. As of June 30, 2026, we had 26 intellectual properties that are material to our product development, all of which were owned by us.

Confidentiality. Both parties are generally required to keep confidential all information obtained during the collaboration, and shall not disclose such information to any third party without prior written consent.

Termination. The agreements can generally be terminated (i) by mutual consent; or (ii) by the non-defaulting party in the event of a material breach.

In 2023, 2024 and 2025 and for the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB106.0 million, RMB98.7 million, RMB91.6 million, RMB44.2 million and RMB41.6 million, respectively, of which more than 90% were allocated to in-house R&D activities during the same periods. Our research and development costs are charged to our income statement as incurred. We expect to continue investing in research and development in accordance with our plans to develop new products and enhance our existing products.

Our Key Technologies

We take pride in our self-developed technologies that enable us to deliver superior dairy products to consumers. The following is a summary of our key technologies:

- **Steam Immersion Sterilization Technology.** We raised the temperature of the raw milk by mixing it with the steam and maintained for a specific duration. Such method significantly enhances heat transfer efficiency, reducing the time required to reach sterilization temperature from several seconds with indirect heating to less than 0.1 seconds, thereby maximizing the retention of nutritional active components.
- **Specialized Yogurt Fermentation Technology.** Through breakthroughs in probiotic strain technology and precise control of fermentation parameters, targeted synthesis of desired products is achieved. This technology successfully overcomes technical challenges including stabilizer substitution, taste balance in sucrose-free products, clean label requirements, and enhanced fermentation flavor.
- **Membrane Filtration Technology.** By selecting appropriate membranes, such as nanofiltration, ultrafiltration, or reverse osmosis membranes, lactose is separated from milk under pressure through membrane devices, leveraging the differences in molecular size and molecular weight between lactose and other components.
- **Patented Technology for Natural Flavor Preservation in Milk.** By optimizing and combining sterilization processes, we ensure commercial sterility while maximizing the retention of milk’s natural flavor and active proteins. Through a combination of degassing and nitrogen-flushing techniques, we reduce oxygen content in milk, minimizing oxidative reactions during sterilization and throughout the shelf life.
- **Active Component Separation, Retention, and Application Technology.** Cold separation technology is employed during the entire process to maximize retention of nutrient-active components. Milk is filtered and separated through membrane materials with varying pore sizes to eliminate bacteria, yielding a sterile separated liquid containing active ingredients. Combined with an addition process, this produces active-ingredient-enriched milk suitable for ambient storage.

DIGITALIZATION

We have established comprehensive digital infrastructure that supports our business activities from upstream dairy farming through production and quality control, supply chain management, sales and distribution, to management decision-making. Our IT architecture comprises multiple layers: consumer-facing and sales systems at the front end, supply chain and production systems in the middle layer, core enterprise resource planning and shared services platforms as the foundation, and an overarching data analytics platform providing business intelligence capabilities.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any IT systems failure or downtime that had a material adverse effect on our business operations.

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Dairy Farming Digitalization

Our self-operated dairy farms utilize specialised farm management systems for comprehensive herd management, feeding operations, milking processes, and milk quality monitoring. Our digitalized operations include automated rotary milking systems with yield monitoring at individual cow level, intelligent wearable devices such as pedometers and collar-based monitors that track activity patterns and health indicators for early disease detection, and automated total mixed ration (TMR) feeding systems that improve ration accuracy and consistency. These integrated systems enable data collection on herd health, milk production, and farm operations, supporting informed decision-making and operational efficiency across our dairy farming network. We are developing a unified herd management platform that consolidates data from our network of dairy farms into a centralized digital system, enabling group-wide monitoring, analysis, and best-practice sharing.

Production and Quality Digitalization

We have established a closed-loop quality control framework by integrating our core digital systems to automate management throughout the production process. We utilize an integrated system architecture to ensure quality is monitored at every stage: (i) our traceability system transmits material warehouse-in and warehouse-out information to SAP system, which then triggers inspection requests to our laboratory information management system (LIMS); LIMS automatically transmits results back to the traceability system to release qualified materials for production; (ii) our supplier relationship management (SRM) system utilizes these quality metrics to evaluate supplier performance and automate procurement decisions; and (iii) our quality management system (QMS), integrated with the LIMS, acts as the core of our framework by automating task allocation and report generation. To manage any issues, the QMS automatically sends alerts and assigns tasks to the responsible staff if a test fails or a deadline is missed. This ensures that problems are addressed immediately and allows us to analyze data to prevent future issues before they occur.

We provide reliable traceability for our products in the market by linking production and inspection data with our precision marketing system and logistics system. For our infant formula products, we further implement a “dual-code” traceability method to track information from source and enable anti-counterfeiting control.

Supply Chain and Logistics Digitalization

Our supplier relationship management (SRM) system supports the complete procurement cycle, from supplier onboarding through contract management and purchase order creation to reconciliation and payment processing. Our logistics platform integrates with our customer relationship management and ERP systems to manage the complete order fulfillment process from order receipt through delivery allocation, warehouse operations, in-transit monitoring with GPS tracking and temperature control, to customer acceptance and revenue recognition.

Sales and Distribution Digitalization

For terminal execution and local sales force management, we have deployed Sales Force Automation (SFA) systems supporting our nationwide distribution network. The mobile-enabled platform facilitates management of hundreds of thousands of retail outlets by sales representatives, distributor staff, and management personnel. Key functionalities include AI-powered image recognition enabling field personnel to assess merchandising performance by photographing shelf displays, real-time data collection on store visits and promotional activities, and automated performance dashboards accessible via mobile applications and web portals. For further details of the coordination between media placements and terminal execution enabled by our SFA systems, see “— Sales and Distribution — Channel Development and Disciplined Channel Management Model.”

For customer relationship management and sales execution, our digitalized systems enable comprehensive management of customer information, sales transactions, promotional activities, and performance analytics. These systems feature integrated interfaces accessible via web and mobile portals, enabling our distributor clients to conveniently place orders, monitor inventory, and track business performance.

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Data Analytics and Business Intelligence

We have constructed an integrated data analytics platform that aggregates information across our operational systems to provide management with decision support. Our management can access operational performance and analytical reports in a timely manner, eliminating reliance on manual report compilation. The platform integrates data from our dairy farming, production, supply chain, sales, and financial systems to provide end-to-end operational visibility. We are also planning to develop advanced capabilities including AI-powered demand forecasting and intelligent supply chain planning, with phased rollout planned to begin in 2026, which will leverage data analytics and forecasting models to optimize sales forecasting, production planning, and procurement operations.

SALES AND DISTRIBUTION

We have established an extensive and deeply penetrated sales network that integrates both online and offline channels, covering virtually all major retail formats across China. Our sales network consists of two primary models: (i) direct sales to KA customers, e-commerce platforms, corporate and institutional clients, and through online self-operated stores; and (ii) sales to distributors who further distribute our products to a wide range of retail terminals including chain supermarkets, convenience stores, grocery stores, mother-and-baby chain stores, catering outlets, and through online platforms. This comprehensive multi-channel approach, developed over years of market cultivation, enables us to reach diverse consumer segments and maintain strong market presence across different geographic regions and consumption scenarios. Our distribution model, which accounts for the majority of our revenue, provides broad market coverage and deep retail penetration, while our direct sales channels allow us to maintain closer consumer relationships and gather valuable market insights. 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.

We actively monitor retail prices through various measures to ensure pricing consistency across our distribution network. We have established a guided pricing system for our products, and conduct regular online and offline price checks across different channels and geographic markets to identify deviations from our pricing guidelines. Our sales teams maintain close communication with distributors and retail partners to address pricing issues promptly. If we detect any significant price deviations that violate our agreements, we actively engage with the relevant party to

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understand the situation and require corrective action. Should the deviation persist or represent a material disruption of market order, we may impose contractual penalties or, in serious cases, terminate our cooperation with the relevant party. During the Track Record Period and up to the Latest Practicable Date, we have not terminated cooperation with any major distributors or direct sales customers due to persistent pricing violations that would have a material adverse effect on our business operations.

Sales to Distributors

We have established a comprehensive nationwide distributor network covering both online and offline channels, which represents our primary sales model. Our offline distributors, typically local entities with established regional networks and deep market knowledge, supply our products to traditional retail channels including chain supermarkets, convenience stores, grocery stores, mother-and-baby chain stores, and catering outlets across China. Our online distributors focus on emerging digital channels, supplying products through e-commerce platforms, social commerce channels and live streaming channels. Through this dual-channel distributor network, we achieve extensive market penetration while maintaining operational efficiency — our distributors leverage their local expertise, established customer relationships, and logistics capabilities to ensure product availability across diverse consumption scenarios and geographic markets, from tier-one cities to remote counties.

Revenue from our distribution channels amounted to RMB13,053.6 million, RMB14,276.0 million, RMB13,736.3 million, RMB6,829.1 million and RMB7,022.3 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 74.4%, 72.0%, 67.4%, 68.6% and 66.2% of our total revenue for the same periods. During the Track Record Period, certain distributors contributed revenue in no more than three months, with an aggregate amount of approximately RMB285.1 million, representing approximately 0.4% of our total revenue of approximately RMB68.4 billion for the same period. Such non-recurring sales arose in the ordinary course of our business and were primarily attributable to (i) certain distributors failing to meet our performance assessment standards during the trial period, resulting in the discontinuation of cooperation; and (ii) certain distributors voluntarily terminating cooperation due to their own business adjustments.

The table below sets forth the number of our distributors and their movements for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Number of distributors at the beginning of the year/period .	4,845	6,025	5,608	5,485
Number of distributors added during the year/period	2,258	1,353	1,229	634
Number of distributors terminated during the year/period ⁽¹⁾	(1,078)	(1,770)	(1,352)	(883)
Number of distributors at the end of the year/period	<u>6,025</u>	<u>5,608</u>	<u>5,485</u>	<u>5,236</u>

Note:

- (1) The primary reason for the termination of cooperation was the performance of these distributors and their own strategic adjustments. The higher number of terminations in 2024 was primarily attributable to our streamlining of the distributor network by discontinuing cooperation with smaller-volume distributors whose monthly sales fell below our expected standards. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes with the distributors whose cooperation with us had been terminated. The revenue generated from the terminated distributors accounted for approximately 0.9%, 0.9%, 0.6%, and 0.2% of our total revenue in 2023, 2024 and 2025, and for the six months ended June 30, 2026, respectively.

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Distributor Selection, Support and Collaboration

We identify potential distributors through industry exhibitions, business partner referrals, direct distributor contact, and proactive sales team outreach. Our selection process includes: (i) comprehensive review of business qualifications including company registration, financial conditions, geographic coverage, sales channels and retail networks, existing customer base, and market reputation; (ii) assessment of operational capabilities including warehouse facilities, logistics capacity, and dedicated sales personnel for our products; and (iii) management interviews to assess business planning and partnership commitment. Selected candidates enter a two-to-six-month trial period with specified sales targets and continuous performance monitoring. Upon successful onboarding, distributors receive formal authorization and integration into our unified management system. We conduct periodic reviews of distributor qualifications and ongoing supervision focusing on unauthorized cross-regional or cross-channel sales and pricing compliance. We may discontinue cooperation with distributors in the following circumstances: (i) the distributor fails to meet the minimum purchase amounts or other performance targets specified in the distribution agreement following periodic reviews; (ii) the distributor breaches the distribution agreement, including unauthorized cross-regional or cross-channel sales, pricing violations or other conduct that disrupts market order; or (iii) the distributor voluntarily elects to discontinue cooperation due to its own business considerations.

We provide systematic support to our distributors, including training on product knowledge and case studies, workshops and product launch events, and conferences presenting our business strategy and cooperation policies. We also provide sales strategy guidance, promotional support, and customer engagement services. Our sales teams maintain close relationships with distributors through regular visits, continuous communication, and prompt issue resolution.

Distributor Management

We maintain a buyer-seller relationship with our distributors under a buy-out model, and as confirmed by Frost & Sullivan, such distribution arrangement is in line with industry practice. Under the buy-out model, control and risk of loss transfer to distributors upon product delivery and receipt, at which point we recognize corresponding sales revenue. Our distributors purchase products from us and subsequently resell to their downstream customers, assuming inventory risk and managing their own sales operations. We have established comprehensive management policies to ensure network efficiency and policy compliance:

- **Price management.** Our cooperation agreements stipulate that distributors shall ensure the stability of sales prices across all channels within their distribution territories and shall be subject to our supervision. Distributors are prohibited from selling below suggested prices or offering unauthorized discounts. Our dedicated supervision department monitors pricing and channel compliance in real-time through management systems and regular market checks. Given that pricing violations significantly disrupt market order, depending on the severity of the circumstances, penalties may include fines, supply restrictions, or cooperation termination.
- **Channel stuffing risk management.** We actively support our distributors in disciplined sales planning and inventory control to mitigate the risk of channel stuffing. We assist our distributors in formulating monthly sales plans based on historical sell-through data and scheduled promotional activities, maintain regular communication on sales performance, and monitor inventory levels through periodical reporting, on-site checks and fly-in inspections to verify the accuracy of reported data. We conduct monthly analysis of inventory and sell-through data across our distribution network and maintain alerts for abnormal inventory levels. We apply differentiated inventory management measures: (i) for our liquid dairy products, which have relatively short shelf lives and are subject to stringent remaining shelf-life requirements imposed by retail outlets and required by consumers, distributors typically deliver products promptly to retail endpoints to minimize stockpiling within the distribution chain. Our supply planning and close coordination with distributors help ensure timely turnover and reduce the risk of inventory buildup; and (ii) for our infant formula products, we rely on system-based inventory tracking across the distribution chain, from warehouse to retail endpoints. We monitor inventory levels through data collected from our system, and supply may be adjusted or temporarily suspended if inventory levels approach alert thresholds. This mechanism ensures an orderly channel inventory and healthy sell-through.

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- **Anti-cannibalization.** We have adopted comprehensive measures to prevent channel conflict and cannibalization among different geographic territories and between our online and offline channels. We implement unified pricing guidelines across all distribution channels and strictly prohibit unauthorized price competition or promotional activities. We specify authorized channels and geographic territories in our distribution agreements, granting revocable and non-transferable distribution rights. Our dedicated supervision department conducts regular compliance monitoring, and we define consequences for violations in our agreements, including financial penalties, supply restrictions, or termination of cooperation. For offline distributors, we focus on geographic restrictions to prevent cross-regional cannibalization. Offline distributors are required to register the coverage details of their terminal outlets within their designated territories. We strictly prohibit unauthorized sales outside these assigned regions to maintain an orderly offline market environment. For online distributors, they must obtain specific authorization for online operations and register all online store information, including platform types, store names and account identifiers. To ensure pricing integrity, we monitor compliance through a combination of system-based detection of price red lines and manual inspections of product listings, pricing, and promotions across major platforms conducted by our personnel from time to time.
- **Sub-distribution.** In limited cases, our distributors develop sub-distributors within their authorized regions to expand market coverage. We do not enter into agreements with sub-distributors. Instead, our distributors manage the authorized product categories, geographic regions, sales channels and end retail prices of their sub-distributors, and are responsible to us for sub-distributor violations.
- **Food handling and storage compliance.** Our distributors are required to execute a quality and safety undertaking simultaneously upon entering into the distribution agreement, committing to comply with our product storage, transportation and handling standards. We have established a quality assessment system to evaluate distributors’ compliance with such standards on a periodic basis, and penalties may be imposed for non-compliance, including financial penalties or termination of cooperation.

Our Arrangements with Distributors

We typically enter into distribution agreements with our distributors, which are sales and purchase agreements in nature. In general, the principal arrangements with our distributors during the Track Record Period are set out below:

Term and Termination. The distribution agreement typically has a term of one year and requires execution of a new agreement upon expiration for continued cooperation. See “—Distributor Selection, Support and Collaboration” for details of termination criteria.

Payment. Distributors are typically required to make prepayments for our products before placing orders.

Pricing Policy. While the agreement does not stipulate the specific price at which the distributors sell to their downstream customers, we separately provide suggested wholesale and retail prices. We require that distributors to ensure the stability of our product market prices and refrain from using pricing methods to engage in malicious competition or prejudice our interests.

Channel and Geographic Restrictions. We explicitly define the sales channels and sales territories for our distributors.

Minimum Purchase Amount. We typically set a minimum purchase amount for our distributors. In the event that such minimum is not achieved, we have the right to terminate the distribution agreement.

Rebate. We may offer different rebate policies based on product promotion activities and regions.

Delivery, Logistics and Acceptance. Products are delivered to distributors’ designated locations or picked up at our factories, with delivery costs typically borne by us. Distributors inspect and accept goods upon delivery or pickup, at which point title and risk of loss transfer.

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Return Policy. Our distributors are generally prohibited from making returns except in the case of product quality defects, which is in line with industry practice as confirmed by Frost & Sullivan.

Allocation of Product Liability

We are responsible for product quality defects arising during the shelf life of products under prescribed storage and transportation conditions. Our distributors are required to strictly comply with our sales quality management policies in relation to product storage, transportation and sales. In the event of product defects caused by distributors’ improper handling or storage, the affected products are handled in accordance with our sales quality management policies, and the distributors bear the losses arising therefrom, including consumer complaints, administrative penalties and related compensation.

In the event of food safety or product quality incidents, consumers may seek compensation from either us or the distributor. Under the first-response mechanism (首負責任制) of the Food Safety Law of the PRC (《中華人民共和國食品安全法》), whichever party receives the claim is required to make advance payments to consumers and shall not decline liability, and may subsequently seek recovery from the responsible party based on the attribution of liability. Accordingly, even if product quality incidents are caused by improper handling or storage by distributors, we are still required to make advance payments if consumers raise claims against us. As advised by our PRC Legal Advisor, the above liability allocation arrangements are in compliance with relevant PRC laws and regulations.

Independence of Distributors

We have established a dedicated division responsible for reviewing the qualifications and independence of our distributors. During the distributor onboarding process, the review involves multiple levels of management, including regional heads and relevant personnel from the business units. Furthermore, we conduct internal independence checks to ensure that the qualifications and independence of our distributors meet our standards and requirements.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, except for the following, all of our distributors were Independent Third Parties and none of our distributors were controlled by any of our employees, nor did any of our distributors have any business, employment, family or financing relationships with any of our Directors, substantial shareholders, senior management and employees:

- (i) distributors controlled by our former employees. As of June 30, 2026, the aggregate revenue generated from such distributors amounted to RMB201.7 million, RMB266.1 million, RMB306.9 million and RMB153.3 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, representing 1.1%, 1.3%, 1.5% and 1.4% of our total revenue for the same periods, respectively;
- (ii) distributors in which our Company holds minority equity interests, namely Henan Junlebao Dairy Co., Ltd. (河南君樂寶乳業有限公司), Shandong Junlebao Dairy Co., Ltd. (山東君樂寶乳業有限公司), Shanxi Junlebao Dairy Co., Ltd. (山西君樂寶乳業有限公司), Beijing Junlebao Dairy Co., Ltd. (北京君樂寶乳業有限公司) (which was deregistered in November 2025), Dali Sangelingdang Food Sales Co., Ltd. (大理三個鈴鐺食品銷售有限公司) and Hebei Jingze Supply Chain Co., Ltd. (河北京澤供應鏈有限公司). During the Track Record Period, the aggregate revenue generated from such distributors amounted to RMB3.8 million, RMB48.0 million, RMB57.0 million and RMB31.1 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, representing 0.0%, 0.2%, 0.3% and 0.3% of our total revenue for the same periods, respectively; and
- (iii) distributors controlled by relatives of our Controlling Shareholder, Mr. Wei, namely Shijiazhuang Hetiande Trading Co., Ltd. (石家莊禾田德商貿有限公司), Shijiazhuang Zejun Trading Co., Ltd. (石家莊澤君商貿有限公司) and Shijiazhuang Leizhenjiang Trading Co., Ltd. (石家莊磊真江商貿有限公司) (with which we ceased to cooperate since 2025). During the Track Record Period, the aggregate revenue generated from such

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distributors amounted to RMB24.8 million, RMB66.3 million, RMB63.0 million and RMB21.5 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, representing 0.1%, 0.3%, 0.3% and 0.2% of our total revenue for the same periods, respectively.

None of the abovementioned distributors made any material contribution to our revenue or received any material advances or financial assistance from us during the Track Record Period. In aggregate, the revenue generated from the abovementioned distributors amounted to RMB230.3 million, RMB380.3 million, RMB426.9 million and RMB205.9 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, representing 1.3%, 1.9%, 2.1% and 1.9% of our total revenue for the same periods, respectively. The abovementioned distributors were engaged following the same standards as other distributors, becoming our distributors based on their qualifications and capabilities, and the salient terms of their distribution agreements are consistent with those of other distributors’ distribution agreements. We implement the same management policies for all distributors, and our transaction pricing with such distributors is based on the same factors applicable to our transactions with other distributors.

Direct Sales

We reach consumers directly through multiple direct sales channels, which serve dual strategic functions: generating revenue through direct transactions while simultaneously building brand awareness, maintaining closer customer relationships, and gathering first-hand consumer insights that inform our product development and marketing strategies. Our direct sales channels encompass KA customers, e-commerce platforms, online self-operated stores, and corporate and institutional clients. The revenue generated through our direct sales channels amounted to RMB3,570.4 million, RMB4,780.8 million, RMB5,173.5 million, RMB2,297.5 million and RMB3,041.4 million for the years ended December 31, 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 20.3%, 24.1%, 25.4%, 23.1% and 28.7% of our total revenue for the same periods.

KA Customers

We have established direct sales relationships with KA customers across China. Our KA customers comprise 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. Our KA customers are retail terminal operators that provide us with premium shelf space in high-traffic retail locations and access to established customer bases in key urban and lower-tier markets, enabling us to maintain strong market presence across different geographic regions and consumption scenarios.

Under our KA customer sales model, our arrangements with KA customers differ from our distributorship model in the following respects:

- First, KA customers generally do not undertake substantive inventory commitments or bear material risk of unsold goods, as their procurement is generally demand-driven with relatively high inventory turnover. In contrast, our distributors purchase products under a buy-out model and assume inventory risk upon delivery and receipt.
- Second, KA customers generally do not possess independent pricing discretion, as pricing is primarily determined or guided by us. We maintain dedicated account management teams that directly manage relationships with KA customers, coordinate promotional activities, and ensure optimal product placement and inventory management at retail locations. In contrast, our distributors typically have greater flexibility in pricing, margin management, and conducting sales activities independently.
- Third, KA customers do not perform core distribution functions such as market development, channel expansion, customer acquisition or downstream network management, but instead primarily operate as retail terminals providing access to end consumers. They are not embedded within our distribution network nor subject to our distributor management mechanisms such as geographic exclusivity, territorial allocation, channel restrictions, minimum purchase amounts, sales targets, rebate policies or incentive arrangements.

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This channel generated revenue of RMB888.9 million, RMB1,163.8 million, RMB1,428.6 million, RMB618.3 million and RMB915.5 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 5.0%, 5.9%, 7.0%, 6.2% and 8.6% of our total revenue for the same periods. During the Track Record Period and up to the Latest Practicable Date, (i) we maintained stable cooperative relationships with our KA customers and did not experience any material breach of contract, payment default, or other disputes that had a material adverse effect on our business operations; and (ii) to the best knowledge of our Directors, all of our KA customers were Independent Third Parties and 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 KA customers.

In general, the principal arrangements with our KA customers during the Track Record Period are set out below:

Term. Our sales agreements with KA customers typically have a term of one to two years, which can be renewed upon the mutual consent of the contractual parties.

Payment and Credit Terms. Credit terms generally range from 30 to 90 days. Payment methods include bank transfer, or other methods mutually agreed upon.

Delivery and Logistics. We generally arrange delivery services through third-party logistics providers, with delivery costs typically borne by us. Products are typically delivered to locations designated by KA customers.

Transfer of Risks. Risks and title to products transfer to KA customers upon their confirmation of receipt and acceptance of the products at the designated delivery locations.

Product Returns. Product returns are generally not permitted except under specific circumstances, including: (i) products that are defective or fail to meet agreed quality standards; and (ii) products that do not conform to order specifications. For certain major KA customers with extensive retail networks, we may agree to more flexible return policies due to commercial considerations.

Sales Target. We generally do not set a sales target for KA customers.

Termination. Our sales agreements with KA customers can be terminated (i) by the non-defaulting party in the event of a material breach, or (ii) due to force majeure events.

E-commerce Platforms

We engage with major e-commerce platforms in China, primarily including JD.com’s self-operated retail business (京東自營), Tmall Supermarket (天貓超市) and Meituan (美團), to broaden our online presence, extend our market reach, and enhance the efficiency of our online operations, leveraging the resources of these platforms. Under this model, consumers directly place orders for our products through these e-commerce platforms’ online stores. In support of their operations, we supply these platforms with our products as needed and deliver the goods to the platforms’ warehouses. For sales operations targeting e-commerce platforms, revenue is recognized upon delivery of goods to the platforms’ warehouse and confirmation of receipt.

Our arrangements with e-commerce platforms differ from our distributorship model in the following respects:

- First, the commercial model of these e-commerce platforms differs from the buy-and-resell model of our distributors. In addition to any margin between the purchase price and the selling price of our products, these platforms also derive revenue from service fees charged to us for warehousing, logistics and marketing and traffic acquisition services. We also actively purchase marketing and traffic acquisition services from these platforms to promote the products supplied to them. In contrast, our distributors independently manage and bear the costs of their own sales and marketing activities.

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- Second, these e-commerce platforms generally do not undertake substantive inventory commitments or bear material risk of unsold goods, as their procurement is generally demand-driven with relatively high inventory turnover, and in certain cases subject to return and flexible ordering arrangements. In contrast, our distributors purchase products under a buy-out model, with control and risk of loss transferring upon product delivery and receipt.
- Third, these e-commerce platforms generally do not possess independent pricing discretion. We exercise enhanced oversight by actively managing product pricing adjustments, the visual presentation of product assortments, as well as the strategic development and implementation of comprehensive marketing initiatives. In contrast, our distributors typically have greater flexibility in pricing, margin management, and conducting sales activities.
- Fourth, our operations team maintains direct communication with consumers by gathering their insights through these e-commerce platforms, which enables us to track customer satisfaction continuously, address concerns promptly, and continuously improve our products based on consumer experiences. In contrast, under our distributorship model, distributors are responsible for engaging with their downstream customers.
- Fifth, these e-commerce platforms do not perform core distribution functions such as market development, channel expansion, customer acquisition or downstream network management, but instead primarily operate as marketplace platforms providing access to end consumers. They are not embedded within our distribution network nor subject to our distributor management mechanisms such as territorial allocation, sales targets or incentive arrangements.

This channel generated revenue of RMB577.2 million, RMB734.7 million, RMB863.8 million, RMB402.6 million and RMB429.9 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 3.3%, 3.7%, 4.2%, 4.0% and 4.1% of our total revenue for the same years.

In general, the principal arrangements with our e-commerce platforms during the Track Record Period are set out below:

Term. The agreement typically has a term of one year, which can be renewed upon the mutual consent of the contractual parties.

Payment and Credit Terms. Consumers make payments directly to the e-commerce platforms. The e-commerce platforms settle payments to us on a regular basis, typically with credit terms of 30 to 90 days.

Delivery and Logistics. The e-commerce platforms are responsible for product delivery to end consumers and the related logistics costs.

Product Returns. The e-commerce platforms are allowed to return defective products unconditionally and to return unsold products to us based on mutual negotiation or as set forth in the relevant agreements.

Sales Target. We generally do not set a sales target for e-commerce platforms.

Termination. The agreements can be terminated (i) by the non-defaulting party in the event of a material breach, or (ii) due to force majeure events.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of these e-commerce platforms were Independent Third Parties and none of these e-commerce platforms were controlled by any of our employees, nor did any of these e-commerce platforms have any business, employment, family or financing relationships with any of our Directors, substantial shareholders, senior management and employees.

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Online Self-operated Stores

We operate self-operated online stores on major e-commerce and social commerce platforms in China, including but not limited to Douyin, Pinduoduo, WeChat, Tmall, JD.com, RedNote, and Kuaishou, through which we sell directly to end consumers. This channel enables us to maintain direct relationships with consumers, control our brand presentation and customer experience, gather valuable consumer data and feedback, and capture higher margins by eliminating intermediary distribution layers. Our online self-operated stores serve as important platforms for launching new products, conducting promotional campaigns, and building our brand community through direct consumer engagement including customer reviews, interactive content, and membership programs. This channel provides us with valuable data on consumer preferences, purchasing patterns, and product feedback that inform our product development and marketing strategies. This channel generated revenue of RMB527.1 million, RMB660.0 million, RMB671.0 million, RMB304.0 million and RMB414.4 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 3.0%, 3.3%, 3.3%, 3.1% and 3.9% of our total revenue for the same periods.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we operated a total of 106, 163, 165 and 154 online self-operated stores, respectively. The following table sets forth the number of our online self-operated stores by platform as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Douyin (抖音)	21	36	34	40
Pinduoduo (拼多多)	15	25	25	20
WeChat (微信)	11	20	23	24
Tmall (天貓)	14	20	21	18
JD.com (京東)	13	17	18	18
RedNote (小紅書)	3	10	13	13
Kuaishou (快手)	9	13	12	10
Others ⁽¹⁾	20	22	19	11
Total	106	163	165	154

Note:

(1) Primarily includes stores operated on Alipay (支付寶), Taobao (淘寶), Youzan (有贊), Meituan (美團) and other e-commerce platforms.

In general, the principal arrangements with the e-commerce platforms on which we operate our online self-operated stores during the Track Record Period are set out below:

Term. The agreement typically does not have a fixed term and remains effective from the date our store application is approved by the platform.

Payment and Settlement. Consumers make payments directly to the e-commerce platforms. The platforms settle payments to us on a regular basis after deducting technical service fees at a contractually agreed percentage based on the transaction value.

Delivery and Logistics. We arrange for product delivery to consumers through third-party logistics providers and bear the related logistics costs.

Product Returns. In accordance with applicable laws and regulations, consumers are typically entitled to unconditional returns within seven days of receipt.

Termination. The agreements can be terminated (i) by either party upon prior written notice to the other party; (ii) by the non-defaulting party in the event of a material breach; or (iii) due to force majeure events.

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Corporate and Institutional Clients

This category primarily comprises sales to catering enterprises and freshly made coffee and tea chains, education bureaus and schools, and dairy and food manufacturing companies. For catering enterprises and freshly made coffee and tea chains, we primarily provide both packaged dairy products and bulk dairy ingredients that serve as key inputs for their menu offerings. For education bureaus and schools, we primarily supply dairy products, eggs and non-staple food products for student nutrition programs and cafeteria services. For dairy and food manufacturing companies, we primarily supply raw milk and other dairy ingredients that they incorporate into their own product manufacturing. This channel generated revenue of RMB1,577.2 million, RMB2,222.3 million, RMB2,210.1 million, RMB972.5 million and RMB1,281.5 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 9.0%, 11.2%, 10.9%, 9.8% and 12.1% of our total revenue for the same periods.

In general, the principal arrangements with our enterprise and institutional customers during the Track Record Period are set out below:

Term. The agreement typically has a term of one year, which can be renewed upon the mutual consent of the contractual parties.

Pricing. Prices are determined by reference to prevailing market prices and are subject to periodic review. Either party may propose price adjustments in the event of significant market price fluctuations.

Payment and Credit Terms. We generally grant credit terms of 30 to 90 days to our enterprise and institutional customers.

Delivery and Logistics. We arrange for product delivery to the enterprise and institutional customers' designated locations and bear the related transportation costs. Revenue is recognized upon delivery and acceptance at such designated locations.

Product Returns. Our enterprise and institutional customers are generally not entitled to make returns except in the case of product quality defects.

Termination. The agreements can be terminated (i) by either party upon prior written notice to the other party; (ii) by the non-defaulting party in the event of a material breach; or (iii) due to force majeure events.

Channel Development and Disciplined Channel Management Model

Our disciplined management channel strategy concentrates resources on selected markets to build established positions. We deploy dedicated sales teams in targeted cities to first secure dominant positions in key retail channels and high-traffic retail outlets, then expand our coverage. This focused approach enables us to establish strong footholds in selected markets, ensuring our products secure optimal shelf space and visibility at point of sale.

Our front-line sales team builds deep relationships with retail partners and maintain rigorous terminal execution standards through regular store visits, monitoring product placement, shelf positioning, promotional material display, and inventory freshness. Through systematic data collection and performance tracking, we identify and prioritize strategic retail outlets in the distribution network and concentrate resources to secure advantageous positioning at these critical outlets. A key feature of this model is close coordination between media placements and terminal sales execution. Our partnerships with media platforms enable us to concentrate advertising near targeted retail locations where our sales teams are simultaneously strengthening product placement and promotional activities, creating a reinforcing cycle between brand visibility and point-of-sale execution. For details of this integrated brand-sales mechanism, see “— Branding and Marketing — Marketing and Advertising Strategy.”

Our Sales Force Automation (SFA) systems provide the digital infrastructure supporting this model, connecting our sales organization, distributor partners, and hundreds of thousands of retail outlets nationwide. These systems enable coordination between media placements and terminal

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execution, with management dashboards providing visibility into store visits, product displays, and promotional implementation. This integrated approach supports our market development and marketing efficiency. For our broader IT infrastructure supporting sales and distribution operations, see “— Digitalization — Sales and Distribution Digitalization.”

Overseas Sales

We are actively exploring and expanding our presence in overseas markets. As of the Latest Practicable Date, our products had entered Hong Kong, Macau, Laos and Singapore. During the Track Record Period and up to the Latest Practicable Date, our overseas sales were conducted through both distributors and direct sales channels in overseas markets. We have received inquiries from customers in multiple countries and regions, and while order volumes from certain markets remain at early stages due to factors such as limited local consumption capacity and economic conditions, we are actively working to expand our overseas footprint through diversified business models and strategic partnerships.

During the Track Record Period and up to the Latest Practicable Date, (i) products sold to our overseas markets primarily included fresh milk, low-temperature yogurt, ambient yogurt, ambient milk and formula for Hong Kong and Macau; (ii) ambient yogurt, ambient milk and other dairy products for Laos; and (iii) fresh milk, low-temperature yogurt and ambient yogurt for Singapore. The transportation duration to our major overseas markets is approximately (i) four days for liquid dairy products and 14 to 24 days for formula to Hong Kong and Macau; (ii) approximately seven days for Laos; and (iii) approximately 10 to 15 days for Singapore. The transportation duration for all of our overseas products is well within their respective shelf lives, ensuring that such products reach end consumers within a reasonable period of their shelf lives. Going forward, we expect to continue selling the above product categories to our overseas markets.

Our overseas expansion strategy adopts a phased and region-specific approach. We view our operations in Hong Kong and Macau as important bridgeheads that provide valuable experience for expanding into broader overseas markets, with Southeast Asia as our primary target region for future expansion. We are actively exploring flexible and diversified business models tailored to different regional markets while seeking local partnerships to strengthen our global presence. For our overseas sales, the logistics and customs clearance arrangements are generally categorized as follows: (i) for customers who are responsible for customs clearance, the customer arranges and bears the costs of customs clearance and subsequent logistics, and either picks up the goods at our factories or we deliver the goods to a mutually agreed location; and (ii) for customers for whom we are responsible for customs clearance, we arrange and bear the costs of customs clearance and subsequent logistics, and deliver the goods to the customer’s designated location.

During the Track Record Period and up to the Latest Practicable Date, tariffs, international trade and export control restrictions did not have a material direct or indirect impact on our business operations or financial performance. We generated substantially all of our revenue from Chinese Mainland, and our overseas sales, which were primarily made to customers in Hong Kong and Macau, remained at an early stage and accounted for a minimal proportion of our total revenue. On the procurement side, approximately 8.9%, 8.5%, 7.5%, and 7.1% of our total purchases in 2023, 2024 and 2025, and for the six months ended June 30, 2026, respectively, were directly and indirectly sourced from jurisdictions outside Chinese Mainland, primarily including the United States, New Zealand and Europe, and we did not experience any material disruption to our raw material supply during the Track Record Period and up to the Latest Practicable Date as a result of international trade restrictions. We will continue to monitor developments in international trade policies and adjust our procurement and sales strategies as necessary to mitigate any potential impact on our business operations.

BRANDING AND MARKETING

Brand reputation and marketing effectiveness are at the core of our competitiveness. We employ a comprehensive branding and marketing strategy that leverages our comprehensive dairy industry chain advantages, combining national-level brand building with precision channel execution. Our marketing approach centers on building strong brand equity through strategic partnerships and targeted media placement, while maintaining cost efficiency through our disciplined channel management model that integrates brand building with terminal sales execution.

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We have established a dedicated marketing organization structure to support our branding and marketing initiatives. Our brand management center is responsible for overall marketing strategy, integrated marketing campaigns, corporate brand management, product brand oversight, and market research. Each of our business divisions maintains its own brand and marketing teams that execute marketing strategies tailored to specific product categories and target consumer segments. This organizational structure enables us to maintain strategic consistency at the Group level while allowing for tactical flexibility and responsiveness at the product and regional levels.

Brand Strategy and Management

We invest systematically in brand equity through strategic partnerships and differentiated brand positioning. A cornerstone of our brand strategy is our partnership with ten Chinese national sports teams as official supplier to China’s national sports teams since 2024, including the National Gymnastics Team and the National Artistic Swimming Team. Our specialized brands employ distinct positioning strategies that align with specific consumer needs: Freshjoy (悦鲜活) leverages technology-defined freshness for premium market positioning; SimPurity (简醇) targets health-conscious consumers with “sucrose-free” positioning in wellness and meal replacement occasions; Youcui (优萃) emphasizes “dual excellence in brain and physical development (脑体双优)” to resonate with parents’ child development aspirations. These differentiated brand positionings are executed through tailored marketing approaches that build distinctive brand associations and reinforce positioning precision. Celebrity endorsers are selected to amplify each brand’s unique identity — including marathon legend Mr. Eliud Kipchoge (埃鲁德·基普乔格) for Junlebao (君樂寶), Olympic champion Ms. Guo Jingjing (郭晶晶) and musician Mr. Jay Chou (周杰倫) for Freshjoy (悦鲜活), actor Mr. Bai Jingting (白敬亭) for SimPurity (简醇), actor Mr. Cheng Yi (成毅) for Purjoy (纯享), and actress Ms. Yang Mi (杨幂) for our formula products — strengthening consumer recognition and emotional connection with each brand’s core value.

Marketing and Advertising Strategy

Our marketing and advertising strategy concentrates resources on three core channels that align with our distribution strategy and deliver measurable returns: outdoor media, mainstream television media, and selective variety TV show IP.

Outdoor media platforms serve as a key advertising channel, strategically aligned with our disciplined channel management model. These platforms in residential and commercial buildings provides city-and-location-selective advertising capabilities that support our focused market penetration approach, enabling concentrated media presence in markets where we deploy our channel resources, including location-based targeting that concentrates advertising near retail locations where our sales teams are strengthening terminal execution. These platforms’ operational characteristics allow us to coordinate advertising content with regional sales activities and promotional timing through flexible content refresh cycles, enabling differentiated messaging approaches across product categories and market stages. This coordination between media placements and terminal sales execution supports real-time measurement of advertising effectiveness and alignment between brand presence and retail performance. For details of our integrated brand-sales approach, see “— Sales and Distribution — Channel Development and Disciplined Channel Management Model.”

Mainstream television media provides authoritative brand endorsement and national reach. We have been selected for CCTV’s “Brand Power Project” (品牌强国工程) for ten consecutive years, leveraging partnerships across TV channels of CCTV News, CCTV Entertainment, and CCTV Sports to reach consumers across urban and rural markets nationwide. We leverage mainstream television media’s platform for high-impact brand communications and to reinforce our position as a national dairy brand. Our selective variety TV show IP, including Ace vs. Ace (《王牌对王牌》), Singer 2024 (《歌手2024》), and Chinese Singers (《中国唱将》), concentrate on proven programming with demonstrated audience engagement, extending beyond sponsorship to integrated marketing campaigns that combine on-air presence with coordinated promotional activities. These partnerships benefit from our extensive distribution network, where retail channels amplify program-related marketing initiatives.

We complement our core media channels with targeted digital initiatives on platforms including RedNote, Douyin, and Weibo, emphasizing selective high-impact campaigns aligned with our brand and product strategies. We have adopted AI tools and robotic process automation to enhance operational efficiency in areas including content creation, design automation, and

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compliance monitoring. Our integrated data analytics platform supports marketing performance measurement and campaign optimization through monitoring of key metrics across channels. For details on our digital infrastructure supporting marketing operations, see “— Digitalization — Data Analytics and Business Intelligence.” Our marketing effectiveness is further supported by organizational coordination across functions including brand management, media planning, sales, and product development, enabling efficient resource deployment and consistent execution.

During the Track Record Period and up to the Latest Practicable Date, we have conducted our marketing activities in compliance with applicable advertising and marketing laws and regulations in all material respects, and we have not been subject to any material penalties or regulatory actions related to our marketing practices.

OUR CUSTOMERS

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. Our five largest customers in each period during the Track Record Period settle their amounts due via bank transfer.

Our Five Largest Customers

The following table sets forth the details of our five largest customers (on a group basis, and revenue contributions include those generated from its respective affiliates) in each year/period during the Track Record Period.

Six Months Ended June 30, 2026

Customer	Major products provided by us	Credit term	Revenue contribution RMB'000	As a percentage of our total revenue %	Length of business relationship with us
Customer A ⁽¹⁾	Liquid dairy products and formula	30 to 90 days	199,953	1.9	Since 2015
Customer B ⁽²⁾	Raw milk	30 days	166,116	1.6	Since 2018
Customer G ⁽⁷⁾	Liquid dairy products	50 to 90 days	163,634	1.5	Since 2013
Customer H ⁽⁸⁾	Liquid dairy products	60 days	146,384	1.4	Since 2020
Customer F – Supplier A ⁽⁶⁾	Formula and raw milk	60 to 90 days	136,867	1.3	Since 2016
			<u>812,954</u>	<u>7.7</u>	

Year Ended December 31, 2025

Customer	Major products provided by us	Credit term	Revenue contribution RMB'000	As a percentage of our total revenue %	Length of business relationship with us
Customer A ⁽¹⁾	Liquid dairy products and formula	30 to 90 days	482,736	2.3	Since 2015
Customer B ⁽²⁾	Raw milk	30 days	359,685	1.8	Since 2018
Customer C ⁽³⁾	Liquid dairy products and formula	60 to 90 days	237,575	1.2	Since 2014

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Customer	Major products provided by us	Credit term	Revenue contribution <i>RMB'000</i>	As a percentage of our total revenue %	Length of business relationship with us
Customer D ⁽⁴⁾ . . .	Liquid dairy products, formula and other dairy products	Nil	226,794	1.1	Since 2000
Customer F – Supplier A ⁽⁶⁾ . . .	Formula and raw milk	60 to 90 days	180,177	0.9	Since 2016
			<u>1,486,967</u>	<u>7.3</u>	

Year Ended December 31, 2024

Customer	Major products provided by us	Credit term	Revenue contribution <i>RMB'000</i>	As a percentage of our total revenue %	Length of business relationship with us
Customer B ⁽²⁾ . . .	Raw milk	30 days	609,124	3.0	Since 2018
Customer A ⁽¹⁾ . . .	Liquid dairy products and formula	30 to 90 days	455,441	2.3	Since 2015
Customer F – Supplier A ⁽⁶⁾ . . .	Formula and raw milk	60 to 90 days	332,113	1.7	Since 2016
Customer D ⁽⁴⁾ . . .	Liquid dairy products, formula and other dairy products	Nil	241,101	1.2	Since 2000
Customer C ⁽³⁾ . . .	Liquid dairy products and formula	60 to 90 days	235,201	1.2	Since 2014
			<u>1,872,980</u>	<u>9.4</u>	

Year Ended December 31, 2023

Customer	Major products provided by us	Credit term	Revenue contribution <i>RMB'000</i>	As a percentage of our total revenue %	Length of business relationship with us
Customer B ⁽²⁾ . . .	Raw milk	30 days	436,177	2.5	Since 2018
Customer A ⁽¹⁾ . . .	Liquid dairy products and formula	30 to 90 days	367,001	2.1	Since 2015
Customer F – Supplier A ⁽⁶⁾ . . .	Formula and raw milk	60 to 90 days	317,142	1.8	Since 2016
Customer D ⁽⁴⁾ . . .	Liquid dairy products, formula and other dairy products	Nil	237,716	1.4	Since 2000
Customer E ⁽⁵⁾ . . .	Formula	Nil	214,143	1.2	Since 2014
			<u>1,572,179</u>	<u>9.0</u>	

Notes:

- (1) Headquartered in Beijing, China, Customer A is a company dually listed on the Stock Exchange and NASDAQ, primarily engaging in supply chain-based retail and Retail as a Service (RaaS) offering, with total assets of RMB685.7 billion as of March 31, 2026.
- (2) Headquartered in Inner Mongolia Province, China, Customer B is a company listed on the Shanghai Stock Exchange, primarily engaging in dairy manufacturing, with total assets of RMB156.7 billion as of March 31, 2026.

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- (3) Headquartered in Zhejiang Province, China, Customer C is a company dually listed on the Stock Exchange and NYSE, primarily engaging in e-commerce and cloud computing, with total assets of RMB1,909.6 billion as of March 31, 2026. Our cooperation with the affiliates of Customer C commenced in 2014.
- (4) Headquartered in Hebei Province, China, Customer D primarily engages in wholesale and retail of food products, as well as related supply chain management services, with a registered capital of RMB3.0 million. Our cooperation with the affiliates of Customer D commenced in 2000.
- (5) Headquartered in Shanxi Province, China, Customer E primarily engages in the e-commerce business of mother-and-baby products, with a registered capital of RMB11.0 million.
- (6) Headquartered in Zhejiang Province, China, Customer F – Supplier A primarily engages in the sale of dairy products and dairy farming, with a registered capital of RMB364.2 million.
- (7) Headquartered in Guangdong Province, China, Customer G primarily engages in the operation of retail stores and e-commerce platforms, with a registered capital of USD326.6 million.
- (8) Headquartered in Zhejiang Province, China, Customer H primarily engages in supply chain management services, food sales and related trading activities, with a registered capital of RMB100.0 million.

We have a diversified customer base and are not subject to any material customer concentration risk. All of our five largest customers in each year during the Track Record Period were Independent Third Parties. 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 during the Track Record Period.

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 accounts that do not belong to the contracting parties under the corresponding agreements (the “**Third-Party Payment Arrangements**”). During the Track Record Period, the actual third parties making payments (the “**Actual Payers**”) involved in the Third-Party Payment Arrangements primarily included (i) in respect of Relevant Customers that are sole proprietorships or individually-owned enterprises, relatives (other than spouse) of the actual operator; (ii) in respect of Relevant Customers that are companies, their legal representatives, actual controllers, shareholders, directors, supervisors, senior management, employees, and relatives of their legal representatives, actual controllers, shareholders, directors, supervisors, senior management or employees; and (iii) in respect of Relevant Customers that are companies, designated entities within the relevant customer group including their subsidiaries and affiliates (the “**Intra-Group Designated Payments**”). During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, all Relevant Customers and Actual Payers were Independent Third Parties.

The Relevant Customers primarily used the Third-Party Payment Arrangements to settle payments with us for the purposes of settlement convenience and operational flexibility. According to Frost & Sullivan, (i) for sole proprietorships or individually-owned enterprises, making and receiving payments through third-party payers in the ordinary course of daily business is a common and reasonable commercial market practice. Moreover, as sole proprietorships and small enterprises generally lack sufficient and appropriate financial functions, and based on considerations of convenience, flexibility and cost savings, they may not establish corporate bank accounts for business purposes; and (ii) it is a common and reasonable commercial practice for medium to large enterprises to designate other entities within their group to make payments in the ordinary course of business.

For the years ended December 31, 2023, 2024, 2025 and for the six months ended June 30, 2026, the number of Relevant Customers was 423, 462, 30 and seven, respectively, and the total amounts settled with Relevant Customers pursuant to the Third-Party Payment Arrangements were RMB175.7 million, RMB161.3 million, RMB52.2 million and RMB12.7 million, respectively, representing 1.0%, 0.8%, 0.3% and 0.1% of our revenue for the corresponding periods. During the Track Record Period, no single Relevant Customer made any material contribution to our revenue. Among the foregoing, the number of customers that adopted Intra-Group Designated Payments was seven, ten, 15 and seven for the years ended December 31, 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, and seven remained as of the Latest Practicable Date. The total amounts settled pursuant to Intra-Group Designated Payments represented approximately 0.3%, 0.3%, 0.2% and 0.1% of our total revenue for the years ended December 31, 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively.

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Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) the Third-Party Payment Arrangements were all based on genuine transactions and initiated by the Relevant Customers, rather than initiated by us to circumvent any applicable laws and regulations; (ii) we have never participated in any other forms of such arrangements; (iii) we have never provided any discounts, commissions, rebates or other benefits to any Relevant Customers to facilitate or encourage the Third-Party Payment Arrangements; (iv) the pricing and payment terms of the agreements entered into by us with the Relevant Customers were consistent with those for customers who have never participated in Third-Party Payment Arrangements; and (v) all payments received pursuant to the Third-Party Payment Arrangements have been properly recorded in accordance with our accounting procedures and policies.

In addition, during the Track Record Period and up to the Latest Practicable Date, (i) we have not been subject to any investigations (including anti-money laundering investigations), inquiries, fines or surcharges as a result of participating in the Third-Party Payment Arrangements; and (ii) we have not encountered any refund requests, actual or pending disputes or disagreements or any material claims made against us in relation to the Third-Party Payment Arrangements.

We have terminated all Third-Party Payment Arrangements in December 2025, except for Intra-Group Designated Payments. For Intra-Group Designated Payments, since December 2025, we have entered into tripartite contractual arrangements with the Relevant Customers and the Actual Payers within the relevant customer group, pursuant to which each of us, the Relevant Customers and the Actual Payers is a signing party or bound party, expressly stipulating the Intra-Group Designated Payment arrangements and ensuring that the Actual Payers are contractually obligated in respect of the payments. Such arrangements are legal and valid and legally binding on all parties, and accordingly both the Relevant Customers and the Actual Payers within the relevant customer group are jointly and severally liable to the Group for all their respective obligations and responsibilities, and shall strictly comply with the tripartite agreement.

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 sent confirmation letters (the “**Confirmation Letters**”) to them. As of the Latest Practicable Date, the Confirmation Letters we have collected covered 80.6%, 89.8%, 96.9% and 99.3% of the total amounts settled with the Relevant Customers pursuant to the Third-Party Payment Arrangements in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, representing 87.0% of the total amounts settled with the Relevant Customers pursuant to the Third-Party Payment Arrangements during the Track Record Period. The principal contents of the Confirmation Letters include but are not limited to:

- the Relevant Customers have entrusted the Actual Payers to make payments to us, all payments were based on genuine and normal business transactions, the payment amounts were consistent with the amounts of the relevant transactions, and the payment obligations of the Relevant Customers are deemed to be fully performed upon the Actual Payers making payment of the amounts due to us;
- the Relevant Customers and the Actual Payers are independent from us, and we have not provided any discounts, commissions, rebates or other benefits to them to facilitate or encourage the Third-Party Payment Arrangements;
- the Third-Party Payment Arrangements (including the sources of funds) comply with all applicable PRC laws and regulations and do not involve money laundering, tax evasion or other illegal activities;
- there are no existing or potential disputes in relation to the Third-Party Payment Arrangements between the Relevant Customers and the Actual Payers, any risks or liabilities arising therefrom shall be borne and resolved by them, and they will not bring any litigation, arbitration or claims against us in this regard; and

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- the Relevant Customers and the Actual Payers unconditionally and irrevocably waive any claims of any relevant rights or requests for refund of any payments from us, and in the event that the Actual Payers request a refund, the relevant liabilities shall be borne by the Relevant Customers, and we are not bound by the relevant agreements between them.

As advised by our PRC Legal Advisor, having considered the background of the Third-Party Payment Arrangements set out above and the confirmations from the Relevant Customers in respect of the Third-Party Payment Arrangements, (i) the Third-Party Payment Arrangements do not violate any mandatory provisions of the relevant PRC civil laws; (ii) the risk of us being deemed to constitute the crime of money laundering under Article 191 of the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》) as a result of accepting payment for goods under the Third-Party Payment Arrangements is low; (iii) we have not been subject to any administrative penalty imposed by the tax authorities in connection with the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date; and (iv) the risk of us being obligated to return the payments under the Third-Party Payment Arrangements to the Relevant Customers and/or their designated third parties is low.

Rectification and Enhanced Internal Control Measures

We have implemented various internal control measures to safeguard our interests from risks associated with the Third-Party Payment Arrangements, including but not limited to:

- our finance department will verify whether the bank account information of the payers is consistent with the account information set out in the contracts or provided by the customers. If any third-party payments other than Intra-Group Designated Payments are identified, we will arrange refunds and require the Relevant Customers to make direct payments;
- for Third-Party Payment Arrangements that are Intra-Group Designated Payments, we have entered into tripartite contractual arrangements with the Relevant Customers and the Actual Payers within the relevant customer group, pursuant to which each of us, the Relevant Customers and the Actual Payers is a signing party or bound party, expressly stipulating the Intra-Group Designated Payment arrangements, so as to ensure the legality and traceability of the relevant arrangements;
- our employees must comply with the above policies, refuse and/or return any third-party payments that do not comply with the requirements, and must clearly communicate our policies and requirements regarding third-party payments to all customers;
- we manage our bank accounts and other transaction accounts in accordance with the principle of segregation of duties, with different personnel in the finance department being assigned different responsibilities to verify, record, manage and settle transactions, so as to ensure the accuracy of accounting records and reduce the risks of account misuse and security;
- we have formulated internal guidelines on anti-money laundering, which require employees to conduct reasonable due diligence on all customers (including their business nature, business model and ownership structure) and proposed transactions to identify potential anti-money laundering risks; and
- our internal audit department regularly conducts random checks on the implementation of the above measures to ensure compliance.

Our Directors are of the view that the above internal control measures are effective and adequate in preventing unauthorized Third-Party Payment Arrangements and the related risks, and the Directors will monitor the effectiveness of the above internal controls in the future.

Based on the opinion of our PRC Legal Advisor set out above and having considered that (i) the amounts involved in the Third-Party Payment Arrangements were not material during the Track Record Period; (ii) following the termination of the Third-Party Payment Arrangements, as of the Latest Practicable Date, we have not encountered any material issues in collecting payments from customers; (iii) following the termination of the Third-Party Payment Arrangements, as of the Latest Practicable Date, we have not had any disputes with the Relevant Customers; (iv) following

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the termination of the Third-Party Payment Arrangements, as of the Latest Practicable Date, our liquidity and financial performance have not been materially affected; and (v) we have strengthened our internal controls to manage the relevant risks mentioned above, we consider that the termination of the Third-Party Payment Arrangements has not and is not expected to have any material adverse effect on our business, results of operations and financial conditions. Having taken into account the views of our PRC Legal Advisor and our Directors as described above, the work and procedures performed by our internal control consultant, the insignificant historical amounts involved in the Third-Party Payment Arrangements during the Track Record Period, as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on our Directors’ views as stated above in any material respects in respect of (i) the legality of the Third-Party Payment Arrangements, (ii) the effectiveness and adequacy of the enhanced internal control measures; and (iii) no material adverse impact of the termination of Third-Party Payment Arrangements on the Group’s operations and financial performance.

SUPPLIERS AND RAW MATERIALS

We have established a comprehensive procurement management system and maintain stable cooperative relationships with leading suppliers in the industry to ensure a steady supply of quality production materials and services. 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. We generally settle our amounts payable to our five largest suppliers in each period during the Track Record Period through wire transfer or bank acceptance bills.

Our Five Largest Suppliers

The following table sets forth the details of our five largest suppliers in each year/period (on a group basis, and purchases include those by its respective affiliates) during the Track Record Period.

Six Months Ended June 30, 2026

Supplier	Major products/services purchased by us	Credit term	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			RMB'000	%	
Supplier C ⁽³⁾	Packaging materials and equipment	Nil	287,469	3.4	Since 2000
Supplier B ⁽²⁾	Raw milk	60 days	241,640	2.9	Since 2016
Supplier E ⁽⁵⁾	Human resources services	30 days	229,873	2.7	Since 2021
Customer F – Supplier A ⁽¹⁾ . .	Raw milk	60 to 90 days	213,454	2.6	Since 2020
Supplier F ⁽⁶⁾	Feed and veterinary medicines	15 days	184,189	2.2	Since 2018
			<u>1,156,625</u>	<u>13.8</u>	

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Year Ended December 31, 2025

Supplier	Major products/services purchased by us	Credit term	Purchase amount RMB'000	As a percentage of our total purchases %	Length of business relationship with us
Customer F – Supplier A ⁽¹⁾ . . .	Raw milk	60 to 90 days	551,066	3.3	Since 2020
Supplier B ⁽²⁾	Raw milk	60 days	515,484	3.1	Since 2016
Supplier C ⁽³⁾	Packaging materials	Nil	436,623	2.6	Since 2000
Supplier E ⁽⁵⁾	Human resources services	30 days	377,849	2.3	Since 2021
Supplier F ⁽⁶⁾	Feed and veterinary medicines	15 days	355,491	2.1	Since 2018
			2,236,513	13.4	

Year Ended December 31, 2024

Supplier	Major products/services purchased by us	Credit term	Purchase amount RMB'000	As a percentage of our total purchases %	Length of business relationship with us
Supplier B ⁽²⁾	Raw milk	60 days	632,926	3.8	Since 2016
Supplier C ⁽³⁾	Packaging materials	Nil	503,287	3.0	Since 2000
Supplier F ⁽⁶⁾	Feed and veterinary medicines	15 days	360,174	2.1	Since 2018
Supplier D ⁽⁴⁾	Marketing and advertising services	90 days	339,406	2.0	Since 2017
Supplier G ⁽⁷⁾	Dairy ingredients, stabilizers and feed	30 to 120 days	258,173	1.5	Since 2013
			2,093,966	12.4	

Year Ended December 31, 2023

Supplier	Major products/services purchased by us	Credit term	Purchase amount RMB'000	As a percentage of our total purchases %	Length of business relationship with us
Supplier H ⁽⁸⁾	Marketing and advertising services	30 days	568,925	3.5	Since 2012
Supplier C ⁽³⁾	Packaging materials	Nil	502,440	3.0	Since 2000
Supplier I ⁽⁹⁾	Feed	30 days	316,715	1.9	Since 2020
Supplier B ⁽²⁾	Raw milk	60 days	290,306	1.8	Since 2016
Supplier F ⁽⁶⁾	Feed and veterinary medicines	15 days	250,361	1.5	Since 2018
			1,928,747	11.7	

Notes:

- (1) Headquartered in Zhejiang Province, China, Customer F – Supplier A primarily engages in the sale of dairy products and dairy farming, with a registered capital of RMB364.2 million.
- (2) Headquartered in Inner Mongolia Province, China, Supplier B is a company listed on the Stock Exchange, primarily engaging in providing raw milk to large-scale dairy manufacturers and offering comprehensive ruminant farming solutions to dairy farms, with total assets of RMB42.4 billion as of December 31, 2025.
- (3) Headquartered in Jiangsu Province, China, Supplier C primarily engages in manufacturing and distribution of packaging materials and related products, with a registered capital of USD45.1 million.
- (4) Headquartered in Shanghai, China, Supplier D is a company listed on the Shenzhen Stock Exchange, primarily engaging in development and operation of community media platforms, with total assets of RMB21.3 billion as of March 31, 2026.

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- (5) Headquartered in Fujian Province, China, Supplier E primarily engages in providing human resources services, with a registered capital of RMB10.0 million.
- (6) Headquartered in Shanghai, China, Supplier F primarily engages in providing food, agricultural, financial and industrial products and services worldwide, with a registered capital of USD656.5 million.
- (7) Headquartered in Shijiazhuang, Hebei Province, China, Supplier G primarily engages in distribution and sales of food additives and food ingredients, with a registered capital of RMB10.0 million.
- (8) Headquartered in Henan Province, China, Supplier H primarily engages in advertising design, agency and production services, with a registered capital of RMB55.0 million.
- (9) Headquartered in Tianjin, China, Supplier I primarily engages in production and sale of ruminant feed, with a registered capital of RMB50.0 million.

All of our five largest suppliers in each year during the Track Record Period were Independent Third Parties. 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 during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers, nor did we experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or significant shortage or delay in delivery of supplies from our suppliers. We do not have a substantial reliance on any single supplier.

Raw Materials

Our principal raw materials include raw milk, ingredients (including dairy ingredients, cultures, nutrients, flavorings, stabilizers, fruit juice and jam), packaging materials (such as aseptic packaging materials, formula cans, cartons, caps, and labels), and feed for our self-owned dairy farms. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our raw material procurement costs amounted to RMB9,008.8 million, RMB9,954.8 million, RMB9,010.6 million and RMB4,673.0 million, respectively, accounting for 78.0%, 76.8%, 64.8% and 65.5% of our operating costs for the corresponding years. During the Track Record Period, approximately 8.9%, 8.5%, 7.5% and 7.1% of our total purchases in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, were directly and indirectly sourced from jurisdictions outside Chinese Mainland, primarily including the United States, New Zealand and Europe. For direct imports, we enter into procurement contracts directly with overseas suppliers and engage customs brokers to handle customs filing and clearance on our behalf. For indirect imports, we enter into procurement contracts with domestic trading companies, which are responsible for the import and customs clearance of the goods on our behalf and deliver the goods to our designated factories. For both direct and indirect imports, our overseas suppliers or domestic trading companies are generally responsible for arranging the delivery of raw materials to our designated locations and bear the related logistics costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material cost increases in raw materials or any material shortages in raw material supply.

Among these, raw milk is our most critical raw material. In 2023, 2024, 2025 and for the six months ended June 30, 2026, in addition to the raw milk produced by our self-operated dairy farms, we externally procured 571 thousand tons, 650 thousand tons, 786 thousand tons and 426 thousand tons of raw milk, respectively, with corresponding raw milk procurement costs of RMB2,033 million, RMB2,205 million, RMB2,554 million and RMB1,375 million, respectively.

We typically conduct centralized procurement to leverage economies of scale and enhance our bargaining power. Most of our raw materials and packaging materials are readily available in China, and we procure them from suppliers near our factories to optimize logistics efficiency and ensure product freshness. For critical raw materials, we collaborate with multiple suppliers to reduce concentration risks. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages or quality issues with raw materials and packaging materials.

The prices of our raw materials may fluctuate due to factors including economic conditions, supply and demand dynamics, and geopolitical situations. In particular, raw milk prices in China have been subject to cyclical fluctuations, primarily driven by changes in upstream supply and demand dynamics. Feed costs, which comprise a diversified basket of inputs such as corn silage, alfalfa, soybean meal and other feed ingredients, are also subject to cyclical fluctuations due to agricultural cycles and global commodity market movements, and directly affect raw milk production costs at our self-operated dairy farms. Since the second half of 2022, raw milk prices have experienced a general downward trend due to increased supply resulting from prior dairy farm capacity expansion and productivity improvements, while demand growth remained relatively modest. Feed costs also experienced an overall decline as agricultural commodity prices decreased

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during the same period. See “Industry Overview” for further details. During the Track Record Period, the selling prices and gross margin of our major dairy products were primarily influenced by our product mix, pricing strategies and market conditions, and the impact of raw material price fluctuations was limited under our mitigation measures, which primarily include: (i) adjusting our product mix toward higher-margin products to cushion the impact of raw material cost fluctuations on our overall profitability; (ii) maintaining a self-operated dairy farm network to mitigate external price volatility in raw milk procurement; (iii) collaborating with multiple external raw milk suppliers to diversify our procurement sources and reduce concentration risk; (iv) diversifying feed procurement sources across domestic and international suppliers to enhance procurement flexibility; (v) operating self-owned feed processing facilities to reduce feed production costs; and (vi) adopting pricing adjustment mechanisms based on annual procurement volumes for packaging materials to mitigate the impact of price fluctuations.

In general, the principal terms of the supply agreements entered into with our major raw material suppliers during the Track Record Period are set out below:

Specifications. We negotiate with our suppliers and set forth in the supply agreements the specifications, prices, quality and quantities of the raw materials.

Payment. We are typically required to settle our payments within 30 to 90 days upon receipt of invoices.

Logistics. Our suppliers are typically responsible for arranging the delivery of raw materials to our designated locations and bear any related logistics costs.

Return Arrangements. We are entitled to return defective raw materials, and the suppliers are responsible for any costs arising from such returns.

OVERLAPPING OF CUSTOMER AND SUPPLIER

During the Track Record Period, certain of our five largest customers in each year during the Track Record Period also acted as our suppliers, or vice versa. According to Frost & Sullivan, such arrangements are common in the dairy industry in China. Our sales and purchases with these overlapping customers and suppliers were not inter-conditional with each other. All of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm’s length basis, and the terms were generally comparable to those with other suppliers and customers.

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2023			2024			2025			2026		
	Revenue	Gross profit	Gross profit margin	Purchases	Revenue	Gross profit	Gross profit margin	Purchases	Revenue	Gross profit	Gross profit margin	Purchases
					(RMB in thousands, except for percentages)							
Customer A ⁽¹⁾	367,001	183,641	50.0%	80,139	455,441	234,912	51.6%	101,277	482,736	247,361	51.2%	182,062
Customer B ⁽²⁾	436,177	51,184	11.7%	NM*	609,124	105,018	17.2%	NM*	359,685	63,193	17.6%	NM*
Customer C ⁽³⁾	176,662	53,519	30.3%	58,298	235,201	72,534	30.8%	72,933	237,575	93,647	39.4%	60,317
Customer D ⁽⁴⁾	237,716	69,068	29.1%	21,007	241,101	72,300	30.0%	41,914	226,794	72,767	32.1%	31,337
Customer E ⁽⁵⁾	214,143	124,682	58.2%	705	202,714	126,945	62.6%	193	167,364	108,085	64.6%	-
Customer F - Supplier A ⁽⁶⁾	317,142	39,712	12.5%	217,749	332,113	54,317	16.4%	235,225	180,177	22,161	12.3%	551,066
Customer G ⁽⁷⁾	29,339	5,177	17.6%	NM*	72,085	12,657	17.6%	217	170,797	42,633	25.0%	NM*
Customer H ⁽⁸⁾	61,814	15,515	25.1%	-	140,427	33,999	24.2%	-	154,242	35,852	23.2%	-
Supplier B ⁽⁹⁾	-	-	-	290,306	68,409	1,027	1.5%	632,926	127,147	2,222	1.7%	515,484
Supplier F ⁽¹⁰⁾	-	-	-	250,361	6,367	32	0.5%	360,174	33,220	527	1.6%	355,491
Supplier D ⁽¹¹⁾	NM*	NM*	NM*	176,470	NM*	NM*	NM*	339,406	NM*	NM*	NM*	328,621
Supplier G ⁽¹²⁾	NM*	NM*	NM*	244,957	NM*	NM*	NM*	258,173	NM*	NM*	NM*	220,069
Supplier E ⁽¹³⁾	-	-	-	108,906	NM*	NM*	NM*	243,013	NM*	NM*	NM*	377,849
Supplier I ⁽¹⁴⁾	-	-	-	316,715	NM*	NM*	NM*	225,774	9,369	43	0.5%	302,213
Supplier H ⁽¹⁵⁾	NM*	NM*	NM*	568,925	NM*	NM*	NM*	257,245	NM*	NM*	NM*	191,782
	1,840,026	542,511	29.5%	2,334,516	2,363,027	713,753	30.2%	2,768,546	2,149,295	688,614	32.0%	3,116,372
									1,184,243	342,022	28.9%	1,413,187

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Notes:

- * “NM” (Not Meaningful) represents that the revenue or purchase amount during the respective year/period was below the disclosure threshold of RMB100 thousand, and consequently, the corresponding gross profit and gross profit margin figures were not meaningful for disclosure.
- (1) Customer A is a leading e-commerce platform in China. We primarily sell liquid dairy products and formula to Customer A through its e-commerce platform as part of our online sales channel. Meanwhile, Customer A provides us with e-commerce platform services, advertising services and logistics services.
 - (2) Customer B is a leading dairy manufacturer in China. We primarily sell raw milk to Customer B. Meanwhile, Customer B provides us with inspection services.
 - (3) Customer C is a leading e-commerce platform in China. We primarily sell liquid dairy products and formula to Customer C through its e-commerce platform as part of our online sales channel. Meanwhile, Customer C provides us with e-commerce platform services, advertising services, consulting services and logistics services.
 - (4) Customer D is one of our distributors which purchases our dairy products, primarily including liquid dairy products, formula and other dairy products. Meanwhile, Customer D provides us with logistics services and supplies us with food products.
 - (5) Customer E is one of our distributors which purchases our dairy products, primarily including formula. Meanwhile, Customer E provides us with e-commerce operation services in 2023 and 2024.
 - (6) Customer F – Supplier A, an Independent Third Party, primarily engages in the sale of dairy products and dairy farming. We primarily sell raw milk and formula to Customer F – Supplier A, as it requires raw milk as product ingredients and formula products for its own product offerings. Meanwhile, Customer F – Supplier A primarily supplies us with raw milk. Prior to November 2024, we procured raw milk from certain of our dairy farming subsidiaries, namely Junhong Farm and Junkang Farm. Following the partial transfer of 6% of our equity interests therein to Customer F – Supplier A in November 2024, as part of our strategy to optimize our asset portfolio, after which we retained 45% of our equity interests in such entities, such entities became subsidiaries of Customer F – Supplier A, and the raw milk supply arrangement transitioned from an intra-group arrangement to an external procurement relationship as a result of such equity transfer, representing a continuation of the existing business relationship in the ordinary course of business.
 - (7) Customer G is one of our KA Customers. We primarily sell liquid dairy products to Customer G through its retail stores. Meanwhile, Customer G provides us with promotional services.
 - (8) Customer H is a freshly made tea and beverage chain in China. We primarily sell liquid dairy products to Customer H as dairy ingredients for its beverage offerings. Meanwhile, Customer H provides us with stabilizers.
 - (9) Supplier B is a leading raw milk supplier in China. Supplier B primarily supplies us with raw milk. Meanwhile, we sell feed to Supplier B.
 - (10) Supplier F is a global provider of food, agricultural and industrial products and services. Supplier F primarily supplies us with feed, specifically soybean meal, and veterinary medicines. Meanwhile, we sell feed products, specifically premixed feed and corn granules, to Supplier F. Our purchases from and sales to Supplier F involve different categories of feed products in which each of us has respective sourcing advantages, and such arrangements have commercial reasonableness.
 - (11) Supplier D is a leading community media platform operator in China. Supplier D primarily provides us with marketing and advertising services. Meanwhile, we sell a small amount of dairy products to Supplier D.
 - (12) Supplier G is a dairy ingredients and food additives provider in China. Supplier G primarily provides us with dairy ingredients, stabilizers and feed. Meanwhile, we sell dairy products to Supplier G.
 - (13) Supplier E is an enterprise services provider in China. Supplier E primarily provides us with human resources services. Meanwhile, we sell a limited amount of dairy products to Supplier E.
 - (14) Supplier I is a feed producer in China. We sell domestically sourced feed products, including domestic alfalfa, rapeseed meal, extruded soybeans and corn bran, to Supplier I, while we procure imported alfalfa from Supplier I. Our purchases from and sales to Supplier I involve different categories of feed products in which each of us has respective sourcing advantages, and do not involve the purchase and resale of the same products, and such arrangements have commercial reasonableness.
 - (15) Supplier H is an advertising design and production company. Supplier H primarily provides us with marketing and advertising services. Meanwhile, we sell liquid dairy products to Supplier H.

The revenue generated from the overlapping customers and suppliers were RMB1,840.0 million, RMB2,363.0 million, RMB2,149.3 million and RMB1,184.2 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 10.5%, 11.9%, 10.6% and 11.2% of our total revenue for the same periods, respectively. Our purchase amount from the overlapping customers and suppliers were RMB2,334.5 million, RMB2,768.5 million, RMB3,116.4 million and RMB1,413.2 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 14.1%, 16.4%, 18.6% and 16.9% of our total purchase amount for the same periods, respectively.

Save as disclosed above, there were no five largest suppliers in each period during the Track Record Period who were also our customers during the Track Record Period, or vice versa.

FOOD SAFETY MANAGEMENT AND QUALITY CONTROL

We are committed to food safety and have implemented stringent quality control standards in compliance with applicable laws and regulations relating to dairy production and sales. We have established comprehensive quality management systems supported by digitalized quality control,

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logistics management, customer order management and supplier management systems, which enable real-time monitoring, full traceability and integrated management across each stage of our operations. Under applicable PRC laws and regulations, including the Food Safety Law of the PRC (《中華人民共和國食品安全法》), production or sale of food products that do not comply with food safety standards may result in fines of up to 30 times the value of the products involved. In addition, food safety incidents may give rise to product recalls, consumer compensation, reputational damage and other adverse financial consequences. See “Regulatory Overview — Food Safety” and “Regulatory Overview — Product Quality” for further details.

Raw Milk Quality Control

As raw milk is the most critical raw material for our dairy products, we have implemented comprehensive quality control measures starting from the source. At our self-operated dairy farms, we have implemented strict biosecurity measures and disease prevention systems to ensure dairy cow health and raw milk safety. We have established herd health monitoring programs with our veterinary teams conducting regular health assessments and implementing preventive measures based on monitoring results. We maintain strict environmental controls including ventilation, temperature and humidity management, and sanitation protocols to create optimal conditions for dairy production. We have adopted mechanized milking systems equipped with automated cleaning and sterilization capabilities, which minimize human contact and contamination risks while improving milk quality and consistency. To ensure compliance with applicable laws and regulations and our internal quality standards, we conduct regular testing of raw milk for microbiological indicators, somatic cell counts, antibiotic residues and other quality parameters.

For externally sourced raw milk, we maintain strict supplier qualification and management systems, engaging only qualified suppliers who meet our quality standards and regulatory requirements. We require external raw milk suppliers to provide quality certifications and testing reports for each batch of supply, enabling us to verify quality before acceptance. Our quality control team conducts inspections and sample testing of each batch of externally sourced raw milk to ensure consistent quality. We also perform periodic audits of suppliers’ facilities and operations to verify they maintain appropriate standards in their dairy farming and milk collection practices.

For the transportation of raw milk, we have implemented quality control measures covering each stage of the process, including the application of tamper-evident seals on milk tankers and the execution of information handover procedures prior to departure, real-time tracking via GPS systems with alerts for anomalies during transit, and verification of seal integrity and preliminary testing of raw milk upon arrival at our factories.

Production Process and Finished Products Quality Control

We have established comprehensive quality control systems throughout our production processes at our self-owned manufacturing facilities and cooperative manufacturing arrangements. Our production department and quality management department work in tandem to oversee and manage all production operations, ensuring strict adherence to our production standards, technical specifications and food safety protocols.

Upon arrival of raw materials and packaging materials, we inspect and verify the condition of transportation vehicles and the goods, including checking the consistency of the delivered goods against the accompanying documentation in terms of product name, batch number, quantity and inspection reports. Goods are released for use only after passing acceptance inspection by our inspection department in accordance with the applicable inspection plans.

Our production facilities are equipped with advanced processing technologies that support our quality objectives. Our production lines incorporate automated monitoring systems at critical control points throughout the production process, enabling detection and prevention of quality deviations. Our production, quality and inspection personnel conduct daily monitoring and testing at each critical control point in accordance with process standards, product formulas and inspection plans, and products are released only after passing such testing. We maintain strict hygiene management throughout our facilities, with clearly defined zones for different production stages designed in accordance with food safety standards, and implement strict controls to prevent cross-contamination. We have established comprehensive cleaning, sanitization and sterilization

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protocols for equipment, facilities and personnel. Our production staff undergo regular health examinations and receive ongoing food safety training to ensure they understand and comply with our quality and safety requirements.

For our cooperative manufacturing arrangements, we exercise rigorous oversight to maintain consistent quality standards across all production channels. We station dedicated on-site personnel covering quality, production and inspection functions at our manufacturing partners’ facilities to supervise the execution of production processes and critical control points. We require our manufacturing partners to operate in accordance with our production procedures, quality control protocols, food safety management systems and to maintain detailed production records. Through periodic quality sample testing of products from manufacturing partners, we ensure full traceability and quality consistency. In addition, our group-level production and quality departments conduct periodic inspections or audits of the supervisory capabilities of our on-site personnel and the food safety controls over products manufactured by our manufacturing partners.

We implement rigorous quality control measures for finished products before they are released for sale. Our quality control team conducts systematic sampling and testing against our quality standards, with testing protocols covering microbiological indicators, nutritional composition, physical and chemical properties and other relevant parameters. To provide additional quality assurance and independent verification, we also engage qualified third-party testing institutions to conduct testing of our products. For the transportation of finished products, we require our logistics service providers to strictly comply with the applicable transportation conditions, including the use of refrigerated vehicles meeting the required temperature control standards for low-temperature products, with real-time tracking of transportation vehicles via GPS systems.

Product Returns and Recalls

We have established product return and recall management procedures to address product quality issues. Our customer service teams receive and handle customer feedback and complaints through multiple channels. Upon receipt of complaints, we follow a standardized process covering evidence preservation, product and batch verification, root cause analysis, internal quality review, communication of resolution proposals to consumers, and case closure with documentation. Where complaints are substantiated, we take one or more remedial measures depending on the nature and severity of the matter, including refunding the purchase price, replacing the product, providing reasonable compensation, and conducting follow-up visits to confirm consumer satisfaction. For complaints involving product quality or food safety, we also implement internal corrective actions, including (i) feedback to production and quality control departments; (ii) review of relevant product batches and production records; (iii) root cause analysis and risk assessment; and (iv) formulation and implementation of targeted corrective measures, with periodic tracking by our customer service and quality teams to ensure effectiveness. We have also formulated product recall procedures to ensure compliance with food safety requirements under relevant laws and regulations.

In the ordinary course of our business, our customer service channels receive a substantial volume of product-related communications from end consumers and customers on a daily basis, the majority of which comprise general product inquiries, such as those relating to product features, usage and storage, rather than substantiated complaints relating to product quality or food safety. During the Track Record Period, the total number of product quality related complaints was 1,739, 2,311, 3,372 and 2,088 in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, which didn’t constitute food safety issues through our investigations and inspections, with aggregate refunds of approximately RMB552.3 thousand, RMB743.7 thousand, RMB1,148.9 thousand and RMB965.5 thousand, respectively. The increase in the number of complaints and corresponding refund amounts during the Track Record Period was primarily attributable to the continued growth of our sales scale and consumer base, which resulted in a higher volume of customer feedback and product-related communications, as well as the expansion of our customer service and complaint intake channels and increased consumer awareness of consumer rights protection. Such refunds were primarily related to product appearance anomalies, taste or texture deviations, packaging defects, and product damage or deterioration during transportation and storage. In addition, the amount of refunds unrelated to product quality issues was RMB189.5 thousand, RMB360.1 thousand, RMB532.7 thousand and RMB450.6 thousand in 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively, primarily arising from product damage, delivery delays, label smudging and other matters affecting consumer experience caused

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by third parties such as distributors and retail terminals, none of which were material. As of June 30, 2026, the number of unresolved product quality related complaints was 94. Unresolved complaints primarily resulted from (i) claimants raising demands that were unreasonable or significantly exceeding actual losses; (ii) claimants refusing to engage in further communication or failing to cooperate with verification procedures; or (iii) abnormal or malicious complaint circumstances. None of the foregoing unresolved complaints involved any material food safety incidents or resulted in any material claims or regulatory penalties. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from customers in connection with product quality or food safety, have any material product recalls or returns, or encounter any material food safety incidents resulting in material administrative penalties.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory Management

During the Track Record Period, finished goods and raw materials comprised the majority of our inventory balances. As of December 31, 2023, 2024 and 2025, and June 30, 2026, our inventory balances relating to dairy products and dairy farming amounted to RMB2,398.1 million, RMB2,203.7 million, RMB2,027.8 million and RMB1,584.4 million, respectively; and our inventory balances amounted to RMB3,325.4 million, RMB3,270.3 million, RMB2,696.3 million and RMB1,584.4 million, respectively. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our average inventory turnover days relating to dairy products and dairy farming were 79 days, 64 days, 57 days and 46 days, respectively; and our average inventory turnover days were 104 days, 92 days, 77 days and 54 days, respectively.

During the Track Record Period, our inventory primarily consisted of dairy-related items, including raw materials for dairy production, finished goods, packaging materials, and turnover materials. To maintain optimal inventory levels and ensure product quality for our dairy products, we have implemented comprehensive inventory management measures. Given that a significant portion of our products are low-temperature liquid dairy products with shorter shelf lives, we place particular emphasis on efficient inventory turnover and proper storage conditions. Based on our sales experience and market analysis, we prepare sales forecasts on a monthly basis for internal reference. Our procurement team places orders based on these forecasts, production schedules and inventory levels in our warehouses. We have established detailed policies regarding inventory management, including standardized labeling systems to categorize different batches of products, enabling precise tracking and management. We prioritize selling products based on their storage date, dispatching older inventory first to maintain product freshness and minimize waste. We have also established zoning management requirements, with stored materials categorized, allocated to designated areas based on product characteristics and temperature requirements, and subject to periodic audits to ensure alignment between accounts and physical inventory. Our inventory management is supported by integrated digital systems that enable real-time monitoring of inventory levels across our warehouse network, automated order processing, and intelligent replenishment recommendations based on sales forecasts and safety stock thresholds. We have implemented security systems and procedures to protect our inventory from theft, damage and contamination.

Warehousing

We operate a combination of self-owned and third-party warehousing facilities to support our operations across China. As of June 30, 2026, our Company and our principal subsidiaries operated a total of 8 warehouses in China, primarily for the storage of inventories including raw materials, finished goods, packaging materials and turnover materials. Given the nature of our dairy products, our low-temperature warehouses are equipped with comprehensive temperature control systems to maintain appropriate storage conditions for different product categories. Our low-temperature liquid dairy products require refrigerated storage, while other products may be stored at ambient temperatures. Our warehouses are equipped with warehouse management systems (WMS) that enable automated order processing, inventory monitoring across regions and SKUs, and integrated warehouse operations. Our warehousing operations provide integrated services including storage management, inventory control, loading and unloading, order fulfillment and temperature monitoring with automated alerts for deviations.

For third-party warehouse service providers, we select partners based on their facilities, temperature control capabilities, operational track record and service quality. We typically enter into annual service agreements with our warehousing service providers, which set forth detailed

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requirements regarding storage conditions, handling procedures and quality standards. Our warehouse management practices ensure proper zoning and separation of different product categories, with clearly defined storage areas to prevent cross-contamination and facilitate efficient inventory management.

Logistics

To efficiently deliver products across our extensive sales network, we primarily engage third-party logistics service providers. We select logistics service providers based on their reputation, operational scale and capabilities, cold chain transportation facilities, historical performance, and pricing. We typically enter into annual framework logistics agreements with our logistics service providers, which set forth service standards, delivery requirements and liability provisions. Given the significant portion of our products requiring refrigerated transportation, we require our logistics partners to maintain cold chain capabilities and temperature monitoring systems throughout the transportation process. We evaluate our logistics service providers based on delivery performance, temperature control compliance, transportation capacity, and overall service quality.

Our logistics operations are supported by an integrated digital platform that enables intelligent route optimization, real-time tracking with GPS and temperature monitoring, and automated performance evaluation of service providers. For details on our supply chain and logistics digitalization, see “— Digitalization — Supply Chain and Logistics Digitalization.”

Our logistics arrangements vary by customer type and sales channel. For direct sales to consumers through our e-commerce platforms and online channels, we implement shipping policies based on product categories, order specifications and delivery locations. Products are typically dispatched from our warehouses or distribution centers in accordance with the delivery timelines specified. For sales to distributors and retail partners, we arrange delivery to distributors’ designated locations or directly to retail terminal points, with logistics costs and responsibility allocated in accordance with the terms of our distribution agreements.

Under our logistics agreements, our logistics service providers assume risk of product damage, deterioration or loss during transportation, including product quality issues arising from failure to maintain the required temperature conditions for cold chain transportation. In the event of product quality defects or food safety incidents caused by transportation, the relevant logistics service provider bears ultimate compensation responsibility pursuant to the contractual arrangements. In addition, under the first-response mechanism (首負責任制) of the Food Safety Law of the PRC (《中華人民共和國食品安全法》), if consumers raise claims against us in respect of product quality or food safety issues, we are required to make advance payments to consumers, and may subsequently seek recovery from the relevant logistics service provider pursuant to the above contractual arrangements. As advised by our PRC Legal Advisor, the above liability allocation arrangements are in compliance with relevant PRC laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any delivery disruptions, product damage, deterioration or losses attributable to our warehousing or logistics service providers that resulted in any material food safety or product quality incidents or had a material adverse effect on our business operations.

PRICING

We price our products based on various factors, including production costs, product positioning, target customer segments, competitive landscape, and reasonable profit margins for customers in our sales network. Our pricing methodology integrates two approaches. On one hand, we determine retail prices by considering consumer price sensitivity through market research, competitive product pricing in key sales channels, required profit margins for distribution partners, and our product market positioning strategy. On the other hand, we calculate prices based on manufacturing costs and target gross profit margins aligned with each product’s positioning. We conduct consumer research and market testing to validate pricing competitiveness before finalizing price points.

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SEASONALITY

Our business is not subject to seasonality. During the Track Record Period, our quarterly revenue from dairy products and dairy farming remained relatively stable, without material fluctuations associated with particular seasons.

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.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We believe that Environmental, Social, and Governance (ESG) factors are closely related to the Group’s long-term development. We integrate ESG principles into our company management and daily operations, continuously enhancing our capacity for sustainable development by identifying and managing relevant risks and opportunities.

ESG Governance

We have established a three-tier ESG governance structure comprising the Board, senior management, and ESG Working Groups.

The Board serves as the highest decision-making and oversight body for ESG governance, responsible for deliberating on material ESG issues, overseeing the management of ESG-related risks and opportunities, and approving ESG strategies and targets while monitoring their implementation. Senior management is responsible for executing the ESG strategies and targets set by the Board, coordinating various business segments to advance relevant initiatives. The Board Office, as the lead department, has designated dedicated ESG management personnel to oversee daily ESG operations, information disclosure, and the coordination of related efforts, while regularly reporting progress to the Board. ESG Working Groups are established to address key ESG issues, comprising representatives from closely related departments. These groups are responsible for driving the implementation of ESG-related policies and measures in business operations and assisting in ESG risk identification and management.

We maintain communication with key stakeholders, including employees, consumers, shareholders and investors, government and regulatory authorities, suppliers and partners, distributors, and communities.

ESG Materiality Assessment and Risk Management

To identify and respond to stakeholder concerns, we refer to the Stock Exchange’s *Environmental, Social and Governance Reporting Code*, taking into account national policy requirements, industry peer comparisons, and feedback from internal and external stakeholders. This process enables us to identify ESG issues and related risks that have a material impact on the Company’s business, and to continuously track and manage them.

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During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material ESG-related risk events, nor have we been subject to material penalties for violating ESG-related laws and regulations, such as those concerning the environment and labor. The Board believes that ESG-related risks have not had a material adverse impact on the Group’s strategy, business operations, or financial performance.

Environment

We place great importance on environmental protection. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, our Group and principal subsidiaries have strictly complied with relevant laws and regulations, including the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), and applicable environmental standards. We continuously improve our environmental management systems and promote the implementation of environmental management measures across all business units.

As of June 30, 2026, the majority of our dairy production facilities had obtained ISO 14001 certification for environmental management systems.

During the Track Record Period, our environment-related metrics remained generally stable, with variations primarily attributable to changes in production volume, product mix and operational efficiency. As compared to major listed industry peers, differences in our business scope and structure, product mix and emission sources result in variations in the scope and methodology of ESG indicators, and therefore such indicators are not directly comparable. During the Track Record Period, our ESG performance did not experience any material changes, nor deviate from industry compliance requirements and internationally accepted standards. Our environmental targets are formulated based on historical operational data, taking into account production scale, product mix and existing energy-saving and emission reduction measures, and assuming no material changes in these key factors.

Emissions and Waste

We comply with applicable PRC laws and regulations on air emissions, wastewater and solid waste, and have established internal management systems to regulate pollutant discharge and the operation of environmental protection facilities, supported by regular monitoring to ensure compliant emissions.

We implement source reduction and treatment measures for air emissions, including process optimization and installation of emission treatment facilities, promote the reuse of treated wastewater to reduce water consumption and discharge, and apply classified management for solid waste, including setting up dedicated temporary storage areas and engaging qualified third parties for compliant disposal.

The table below sets forth our performance for key emissions during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,			For the Six Months Ended June 30,
		2023	2024	2025	2026
Nitrogen oxide emissions	Ton	36.2	29.5	26.0	8.6
Sulfur dioxide emissions	Ton	5.6	3.5	2.6	0.6
Particulate matter emissions	Ton	29.8	37.3	42.8	15.2
Total hazardous waste . .	Ton	151.6	187.8	216.5	92.0
Hazardous waste intensity	Ton/RMB1 million revenue	0.01	0.01	0.01	0.01
Non-hazardous waste . . .	Ton	692,539.8	780,262.7	518,600.9	239,096.4
Non-hazardous waste intensity	Ton/RMB1 million revenue	39.5	39.4	25.4	22.5

We have set waste management targets: to continuously optimize the hazardous waste management system and maintain a 100% compliant disposal rate in accordance with laws and regulations; and to fully implement solid waste classification by 2030, thereby facilitating resource utilization.

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Resource Utilization

We adhere to the principle of sustainable resource utilization, and establish and continuously optimize our energy management system in accordance with the ISO 50001:2018 international standard. Through standardized institutional development, we drive improvements in energy performance. Currently, five of our production factories have been recognized as national-level green factories, and three have been recognized as provincial-level green factories.

Energy Utilization

We comply with applicable energy laws and have established an energy management system with a three-tier structure covering the Group, business divisions and operating units. We leverage a smart energy management platform for real-time monitoring and analysis to support refined energy management.

We improve energy efficiency through equipment optimisation, process upgrades and automation, and implement energy-saving measures such as steam system optimisation and waste heat recovery. We also promote the use of clean energy, including distributed photovoltaic, biomass and biogas power generation, to increase the share of renewable energy.

We have set interim energy management targets: to reduce the total energy consumption intensity per ton of product by 5% by 2030 compared to the 2024 baseline.

Water Resource Utilization

We place great emphasis on water resource management and comply with applicable PRC laws and regulations. We have established internal systems to manage water intake, usage and discharge.

We promote efficient water use through measures such as water reuse, process wastewater recovery and cooling water recycling. As of June 30, 2026, 17 of our production facilities had completed water balance tests, and 11 had been recognized as “Water-Saving Enterprises.”

We have set a water conservation target: to reduce the water usage intensity per ton of product in our factories by 5% by 2030 compared to the 2024 baseline.

The table below sets forth our resource utilization performance during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,			For the Six Months Ended June 30,
		2023	2024	2025	2026
Total energy consumption	MWh	1,203,996.7	1,391,532.2	1,412,366.6	722,863.2
Energy consumption intensity	MWh/RMB1 million revenue	68.6	70.2	69.3	68.1
Water withdrawal . .	thousand ton	15,481.1	18,231.0	18,883.1	10,047.7
Water withdrawal intensity	ton/RMB1 million revenue	882.3	919.3	926.4	947.1

Sustainable Packaging

We have established a sustainable packaging development management mechanism that applies the principles of source reduction, reusability, and recyclability in packaging design to reduce packaging material usage and associated environmental impacts. Specifically, we continuously advance lightweight packaging design, optimize packaging materials and structures, and enhance the recyclability of packaging materials. At the same time, we explore the application

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of environmentally friendly materials, such as using biodegradable materials in some products. Furthermore, we collaborate with packaging material suppliers to encourage material reduction and low-carbon production, progressively improving the environmental performance of our packaging supply chain.

We have established packaging management targets: to phase out environmentally unfriendly plastics and completely eliminate the use of PVC and EPS in product packaging by 2028. At the same time, we are actively promoting the use of product recycling labels to support packaging recycling initiatives and applying environmentally friendly packaging.

Climate Change Adaptation

Against the backdrop of intensifying global efforts to address climate change, we place great importance on the potential impacts of climate change on our business operations and sustainable development. Through policy research and business analysis, we identify related risks and opportunities and formulate corresponding management measures to enhance climate resilience.

In terms of physical risks, extreme weather events and temperature fluctuations may affect production operations, equipment safety, and cow health. We take these factors into consideration during project site selection and operational management, and have established emergency response mechanisms for extreme weather conditions to mitigate such impacts. In terms of transition risks, laws and regulations related to climate change and carbon reduction are becoming increasingly stringent, which may increase corporate compliance costs. We continuously monitor changes in relevant policies and regulatory requirements and conduct compliance management in a timely manner.

At the same time, we also focus on development opportunities arising from climate change, including promoting the application of renewable energy and improving energy efficiency to reduce energy costs and enhance operational efficiency.

We actively implement the requirements of the national carbon peak and carbon neutrality strategies, establish a carbon management team responsible for carbon emission inventory, analysis, and emission reduction planning, and systematically advance carbon management efforts.

In the upstream dairy farming segment, we promote the integration of agriculture and animal husbandry and the resource recycling of waste. Through the resource utilization of manure, we achieve comprehensive use of biogas residue, biogas slurry, and biogas. In eligible pastures, we promote renewable energy projects such as biogas power generation. In the production and manufacturing segment, we promote the coordinated layout of grasslands, farms, and processing facilities in certain regions, and transport raw milk through low-temperature pipelines to reduce energy consumption and carbon emissions during transportation. At the same time, we promote the use of renewable energy and procure green electricity to reduce carbon emissions in the production process. In office and daily operations, we reduce energy consumption through energy-saving management measures and the procurement of high-efficiency equipment.

The table below sets forth our greenhouse gas (GHG) emissions⁽¹⁾⁽²⁾ during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,			For the Six Months Ended June 30,
		2023	2024	2025	2026
Scope 1 GHG emissions	Tons of CO ₂ equivalent	494,639.9	590,358.0	553,113.5	285,210.7
Scope 1 GHG emission intensity	Tons of CO ₂ equivalent/RMB1 million revenue	28.2	29.8	27.1	26.9
Scope 2 GHG emissions	Tons of CO ₂ equivalent	552,230.6	642,910.0	723,844.1	364,227.8

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Indicator	Unit	For the Year Ended December 31,			For the Six Months Ended June 30,
		2023	2024	2025	2026
Scope 2 GHG emission intensity	Tons of CO ₂ equivalent/RMB1 million revenue	31.5	32.4	35.5	34.3
Scope 3 GHG emissions	Tons of CO ₂ equivalent	3,407,305.8	3,780,378.3	3,698,100.5	1,862,148.3

Notes:

1. We account for greenhouse gas emissions using the operational control approach, referring to relevant guidelines such as the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and the Requirements for Greenhouse Gas Emission Accounting and Reporting – Part 22: Livestock Farming Enterprises.
2. For Scope 1 emission factors and related parameters, we refer to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and relevant industry accounting guidelines. Emission factors related to enteric fermentation and manure management in animals adopt the default values provided in the accounting guidelines for livestock farming enterprises. For Scope 2 emission factors, we primarily refer to the average carbon dioxide emission factor for China’s regional power grid.
3. We comprehensively considered our business operating model and product characteristics, and identified the key emission sources across the value chain based on the principle of materiality. In accordance with the Scope 3 classification method defined by the GHG Protocol, we calculated greenhouse gas emissions for Category 1: Purchased Goods and Services and Category 9: Downstream Transportation and Distribution. The relevant calculations refer to industry-general emission factors and database sources, including the China Products Carbon Footprint Factors Database (CPCD) and other domestic and international professional emission factor databases. We will continue to strengthen governance over carbon emissions data and progressively improve the completeness and accuracy of relevant data to ensure the quality of our disclosures.

We have set a carbon reduction target: to achieve a 10% reduction in carbon emission intensity per unit of product by 2030 compared to the 2024 baseline.

Society

Employment

We strictly comply with applicable PRC labor laws and regulations, and have established internal systems to govern employee recruitment, compensation and termination, ensuring compliant employment management.

We strictly prohibit the use of child labor or forced labor, and are committed to fostering a fair working environment, free from employment discrimination based on gender, ethnicity, religion, or other factors. As of June 30, 2026, we employed 171 individuals with disabilities, and female employees accounted for approximately 47% of our total workforce. We provide diverse training programs to support employee development, the average training hours per employee were 63.4 hours in 2025.

Health and Safety

We are committed to safeguarding the health and safety of our employees and comply with applicable PRC laws and regulations. We have established an occupational health and safety management system covering occupational health, work safety and emergency response. As of the Latest Practicable Date, seven of our factories had obtained ISO 45001 certification.

We conduct occupational hazard monitoring, provide personal protective equipment to relevant employees and arrange occupational health check-ups. We also carry out safety inspections in high-risk areas, supported by technical and management measures, and have established emergency response plans with regular drills.

During the Track Record Period and up to the Latest Practicable Date, we recorded no major production safety accidents or employee fatalities resulting from safety incidents.

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Consumer Rights Protection

We place great importance on the protection of consumer rights and have established a management mechanism covering product labeling, advertising compliance, and customer service.

In terms of responsible marketing, we have implemented review procedures for product labels and both online and offline promotional content to avoid exaggerated, false, or misleading claims, and we enhance the compliance awareness of relevant employees through internal training.

In terms of customer service, we have established a management mechanism covering the receipt, handling, and follow-up of complaints and inquiries to ensure timely responses to consumer needs, and we regularly conduct consumer satisfaction surveys to continuously improve our products and services. During the Track Record Period and up to the Latest Practicable Date, we have not received any major consumer complaints.

In terms of consumer privacy protection, we collect and use personal information in accordance with the principle of minimum necessity, and safeguard information security through technical measures such as encryption and desensitization. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data breach or unauthorized use of personal information.

Supply Chain Management and Cooperation

We have established a supplier management system that covers supplier selection, access, evaluation, and exit. During the access phase, we review suppliers’ qualifications in areas such as quality, safety, and environmental protection, and encourage them to obtain relevant quality and food safety system certifications. We also conduct regular performance evaluations of suppliers and take measures such as corrective actions or termination of cooperation based on the evaluation results.

We incorporate integrity and compliance requirements into the supplier management system and clearly define relevant obligations in contracts to promote compliant operations within the supply chain. At the same time, during the procurement process, we encourage suppliers to use environmentally friendly materials and improve packaging recyclability to reduce environmental impact.

Business Ethics and Anti-Corruption

We place great emphasis on integrity in business operations and have established an anti-corruption management system to regulate employee conduct and prevent improper business practices. We have formulated internal systems such as the Management Provisions on the Ten Integrity and Self-Discipline Prohibitions (《廉潔自律十條禁令管理規定》), which clearly define prohibited behaviors and the consequences of violations, and we strengthen compliance management through internal oversight mechanisms. We have established reporting channels to allow employees and the public to report relevant issues, and we provide necessary protective measures for whistleblowers. At the same time, we enhance employees’ awareness of integrity through training and advocacy to foster a business environment characterized by honesty and compliance.

Contributions to Communities

We continuously carry out community engagement activities, focusing on disaster relief, educational support, rural revitalization, and industrial assistance, and encourage our employees to participate in volunteer activities to fulfill our social responsibility.

The Junlebao Public Welfare Foundation was established in Hebei Province in 2015, dedicated to promoting the development of public welfare and charitable causes. During the Track Record Period, the total value of charitable donations made by the foundation exceeded RMB54 million, primarily used for public welfare projects such as disaster relief and educational support.

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In the event of major public incidents, we promptly initiate donation and relief efforts. In the early stages of the COVID-19 pandemic, we collaborated with People’s Daily Online and the Red Cross Foundation of China to donate relief supplies valued at over RMB75 million to infants, young children, and pregnant women. Following a major fire incident in Hong Kong in 2025, we responded swiftly, donating HKD10 million in cash and HKD2 million worth of dairy products to support the rescue, resettlement, and relief of affected residents, as well as community rebuilding efforts.

Animal Welfare

We place great emphasis on animal welfare and adhere to the internationally recognized “Five Freedoms” principles. We have established relevant management systems to govern pasture operations, animal health management and veterinary drug use.

We implement animal welfare measures covering feeding, living environment, health management and behavioral management. For example, cattle are provided with adequate nutrition and access to water, and are raised in temperature-controlled environments supported by automated monitoring systems. We conduct regular disease prevention measures, including vaccination, disinfection and daily veterinary inspections, and utilize digital systems to monitor cattle health conditions. We also promote free grouping based on physiological characteristics and strictly prohibit abusive or violent treatment.

In 2024, we conducted third-party animal welfare assessments at our farms, and some farms obtained two-star animal welfare certification.

In terms of veterinary drug management, we have established the Animal Husbandry Veterinary Drug Management System to regulate the procurement, storage and use of veterinary drugs. We implement prescription-based administration, strictly control antibiotic use and prohibit the use of banned substances to safeguard animal health and product quality.

INTELLECTUAL PROPERTY

Intellectual property is fundamental to maintaining our competitiveness. We rely primarily on a combination of patents, copyrights, trademarks, trade secrets and anti-unfair competition laws and contractual rights, such as confidentiality agreements, to protect our intellectual property rights. As of June 30, 2026, we had registered 462 patents, 2,477 trademarks, 81 copyrights and 15 domain names in China. We also had one patent and 40 trademarks overseas as of the same date. See “Appendix IV — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for a list of our material intellectual properties. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or any pending or, to the best of our knowledge, threatened legal proceedings concerning IP rights with third parties that could materially and adversely affect our business, financial conditions and results of operations.

PROPERTIES

Our head office is located at No. 68, Shitong Road, Shijiazhuang, Hebei Province, the PRC.

Our Directors confirm that as of June 30, 2026, no single property interest of ours that are for property activities had a carrying amount of 1% or above of our total assets and the total carrying amount of property interests not valued did not exceed 10% of our total assets.

Our Directors confirm that as of June 30, 2026, no single property interest that did not form part of our property activities had a carrying amount of 15% or more of our total assets.

Owned Properties

As of the Latest Practicable Date, our Company and our principal subsidiaries owned the land use rights of 54 parcels in China, with an aggregate site area of approximately 2,021.4 thousand sq.m.. All of these land parcels have been granted land use right certificates. As of the Latest

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Practicable Date, our Company and our principal subsidiaries owned 870 buildings in China, with an aggregate GFA of approximately 1,075.5 thousand sq.m.. These land parcels and buildings are primarily used as production facilities, offices and staff quarters.

As of the Latest Practicable Date, 18 buildings with an aggregate GFA of approximately 39.9 thousand sq.m. had not been granted building ownership certificates due to historical reasons or other reasons, representing approximately 3.7% of the total GFA of the buildings owned by our Company and our principal subsidiaries. We have communicated with the relevant competent governmental authorities, which confirmed that such situation does not constitute a material violation and there is no risk of penalty or demolition. As of the Latest Practicable Date, our Company and our principal subsidiaries had not been subject to any penalties by the relevant competent governmental authorities in relation to the above-mentioned defects. We are actively communicating with the relevant governmental authorities to obtain the outstanding certificates and will seek to obtain such certificates as soon as practicable. As advised by our PRC Legal Advisor, we are not aware of any material legal impediments to obtaining such certificates.

As of the Latest Practicable Date, one of our subsidiaries owned one building with an aggregate GFA of approximately 5.4 thousand sq.m. had not been granted real estate ownership certificate, representing approximately 0.5% of the total GFA of the buildings owned by our Company and our principal subsidiaries. The relevant housing authority has confirmed that such building is public rental housing and has not been granted real estate ownership certificate as the policy on the division of property rights for “government-enterprise jointly constructed” public rental housing has not yet been clarified, and that such situation does not constitute a material violation and there is no risk of penalty or demolition. As the issuance of the relevant certificate is subject to the clarification of the applicable government policy, the expected timeframe for obtaining such certificate cannot be determined at this stage. We will continue to monitor relevant policy developments and liaise with the relevant housing authority, and will proceed with obtaining such certificate as soon as practicable after the applicable policy is clarified.

As of the Latest Practicable Date, our Company and our principal subsidiaries owned four parcels of state-owned construction land with an aggregate site area of approximately 95.1 thousand sq.m., for which land use right certificates have been obtained through grant. As of the Latest Practicable Date, our Company and our principal subsidiaries had not commenced construction on such land parcels in accordance with the timeline or investment intensity required under the relevant land grant contracts. The relevant land authorities have issued confirmations that our Company and our principal subsidiaries have paid all land grant fees and relevant taxes in full, and that there is no idle land or any violation of land management regulations, and there is no risk of the land being reclaimed due to idleness.

As of the Latest Practicable Date, our Company and our principal subsidiaries had two properties under construction on state-owned construction land, and as of the same date, we have obtained all requisite approvals and permits for the current stage for all such properties under construction.

Leased Properties

Dairy Farms

As of June 30, 2026, our Company and our principal subsidiaries contractually leased or contracted 7 parcels of state-owned agricultural land with a total area of approximately 19.3 thousand mu and 53 parcels of collectively owned agricultural land with a total area of approximately 47 thousand mu in China, which were mainly used as dairy farms. As of June 30, 2026, one parcel of state-owned agricultural land had not completed the facility agricultural land filing procedures. We have communicated with the relevant competent governmental authorities, which confirmed that such situation does not constitute a material violation and there is no risk of penalty or demolition.

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Leased Buildings

As of June 30, 2026, our Company and our principal subsidiaries leased a total of 73 properties in China for principal business operations, including production facilities, offices and warehouses, with an aggregate GFA of approximately 18.4 thousand sq.m.

As of June 30, 2026, 11 leased buildings with an aggregate GFA of approximately 2.2 thousand sq.m. were leased from lessors who failed to or were unable to provide sufficient or valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. There may be risks that these leases may be held invalid or early terminated, and therefore our Company and our principal subsidiaries may not be able to continue to occupy and use such properties and may be exposed to a potential relocation risk. We believe that the use of such leased properties by our Company and our principal subsidiaries will not have a material adverse effect on our business, financial conditions or results of operations. Even if our Company and our principal subsidiaries are required to vacate from any of these properties, we believe we will be able to readily find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial.

In addition, 57 lease agreements of our Company and our principal subsidiaries had not been registered with the relevant PRC authorities, primarily because certain landlords failed to cooperate to complete the lease registration. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. Based on the number of such lease agreements and the cities where they are located, we estimate that the maximum potential penalty for our 57 unregistered lease agreements would be approximately RMB570,000. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our financial conditions or results of operations. We will actively liaise with the respective lessors to complete the registration of such lease agreements to the extent practicable.

EMPLOYEES

As of June 30, 2026, we had 18,768 full-time employees, and the vast majority of our employees were based in China as of the same date. Approximately 47% of the total number of our employees as of June 30, 2026 were females. The following table sets forth a breakdown of our full-time employees by function as of the same date.

Function	Number of Full-time Employees	% of Total Full-time Employees
Production	9,028	48.1%
Sales and marketing	6,953	37.0%
Management and administrative	2,600	13.9%
Research and development	187	1.0%
Total	18,768	100.0%

We place great emphasis on recruiting, training and retaining qualified employees. We rely on a diverse range of recruitment channels, including campus recruitment, headhunting, recruitment agencies, internal referrals and online recruitment platforms. Our full-time employees typically enter into standard employment contracts with us, and certain core employees enter into confidentiality and non-compete agreements. We have established a comprehensive training system covering onboarding training on corporate culture, business operations and industry dynamics, as well as ongoing programs for existing employees, including in-service training, anti-corruption training, online courses and offline specialized programs. We provide competitive compensation packages primarily consisting of base salary and performance bonuses, taking into account factors such as education background, industry experience, position value and work performance. We have established a performance evaluation system whereby employees are regularly assessed against objectives set according to their positions and departments, with evaluation results used for compensation adjustments, bonus allocation and promotion decisions.

BUSINESS

We have established a labor union in accordance with applicable PRC laws. We do not need to comply with any collective bargaining agreement. We believe we have maintained good relationships with our full-time employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor shortages, strikes or labor disputes with our full-time employees which have had or are likely to have a material effect on our business.

Pursuant to relevant PRC laws and regulations, we are required to pay social insurance and housing provident fund for our PRC employees. During the Track Record Period and up to the Latest Practicable Date, we have not paid the full amount of social insurance and housing provident fund for certain employees in accordance with relevant regulations, primarily because (i) the onboarding date or the time for completing the relevant procedures for certain employees was later than our monthly unified processing date for social insurance or housing provident fund contributions; (ii) certain employees were still having their social insurance or housing provident fund contributions paid by their previous employers; and (iii) certain employees were reluctant to make personal contributions based on their full salaries, as this would result in lower actual wages received after deductions. After interviews with relevant competent governmental authorities of our Company and principal subsidiaries, we are informed that the risk of us being subject to centralized retroactive collection demands due to such past non-compliances is remote. Based on our internal assessment, in 2023, 2024, 2025 and for the six months ended June 30, 2026, the aggregate shortfall in the Group’s social insurance and housing provident fund contributions is estimated at RMB21.3 million, RMB17.3 million, RMB21.0 million and RMB7.5 million, respectively, accounting for less than 0.12% of the Group’s revenue in each corresponding period.

According to our PRC Legal Advisor, under the relevant PRC laws and regulations, (i) failure to pay social insurance within the required time frame may subject us to a late fee of 0.05% of the outstanding amount per day, and if the outstanding amounts are not paid in a timely manner, we may be subject to fines of one to three times the outstanding amounts; and (ii) for any shortfall in the housing provident fund, the relevant authorities may direct us to make up the shortfall within a stipulated period and may apply to the court for enforcement if it remains unpaid after the deadline. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears. Pursuant to the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**New Judicial Interpretation**”), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people’s court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the people’s court shall support such claim. As advised by our PRC Legal Advisor, given that the New Judicial Interpretation does not repeal the social insurance laws and regulations currently in force in the PRC, the associated risks and potential impact on our business and financial performance is relatively remote. If we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice. See “Risk Factors — Risks Relating to Our Business and Industry — We are not in full compliance with social insurance and housing provident fund regulations.” Based on the foregoing, during the Track Record Period and up to the Latest Practicable Date, our Company and our principal subsidiaries have not received any notices and have not been subject to any administrative penalties due to insufficient payment of employee social insurance or housing provident fund. We have also not received any significant complaints or reports from employees regarding such payments, nor any notifications from relevant authorities requesting us to make up payments, conduct investigations, or accept penalties. Based on the advice of our PRC legal advisor, the likelihood of us being subject to administrative penalties due to such historical shortfalls is remote, and the maximum potential penalty that may be imposed by the relevant authorities in relation to such shortfall would be RMB100.7 million. The Directors consider that such potential penalty is not material and would not have a material adverse effect on the Group’s financial condition or results of operations. Accordingly, no provision has been made in respect of the insufficient social insurance and housing provident fund contributions and associated potential penalty.

BUSINESS

We have taken steps to make full contributions and are continuing to enhance our compliance efforts to ensure full alignment with applicable requirements. We are actively engaging with our employees to seek their understanding and cooperation in complying with the applicable contribution base requirements, which also requires additional contributions from our employees. We plan to adjust the contribution bases for our employees' social insurance and housing provident fund in phases in order to make full contributions in accordance with applicable laws and regulations. Given that our employees are located across different regions and the rectification is partially dependent on the cooperation of our employees, we will use our best efforts to achieve full compliance as soon as practicable and in any event no later than December 31, 2027. We will closely monitor the policy windows specified by the relevant local authorities and implement rectifications to the extent practicable subject to conditions permitted under local social insurance and housing provident fund policies. We will regularly review and monitor the reporting and contributions of social insurance and housing provident fund to keep us abreast of relevant regulatory developments, and consult our PRC Legal Advisor on a regular basis to stay informed of such developments. If we are required by the relevant authorities to make full contributions for social insurance and/or housing provident fund, we will make such full contributions and take rectification measures as soon as possible within the prescribed period. In consideration of the above, our Directors believe that the aforementioned non-compliance would not have a material adverse impact on our business operations or financial condition.

During the Track Record Period, we engaged third-party human resources agencies to make social insurance and housing provident fund contributions on our behalf for certain employees. Such arrangements were primarily made because these employees preferred their social insurance and housing provident fund contributions to be paid in their respective places of residence, rather than in the cities where their employment relationships were officially established, and we had not established a subsidiary or branch in certain of such cities to facilitate direct payment. We completed the rectification of such arrangements by establishing subsidiaries or branches in the relevant cities, and all social insurance and housing provident fund contributions have been made directly by us since April 2025. During the Track Record Period and up to the Latest Practicable Date, we had not received any rectification notice from or been subject to any administrative penalty from the relevant government authorities in connection with such arrangements. As advised by our PRC Legal Advisor, the likelihood of us being subject to administrative penalties by the relevant authorities in respect of such historical arrangements is remote.

Labor Dispatch and Labor Outsourcing

In addition to our full-time employees, we may implement labor dispatch and labor outsourcing arrangements to maintain adequate and flexible labor levels to meet our operational needs from time to time.

During the Track Record Period, we engaged dispatched workers through labor dispatch arrangements for temporary, auxiliary or substitute positions. We entered into labor dispatch contracts with employment agencies, all of which possessed the relevant qualifications and provided labor dispatch services to us and our subsidiaries. We do not have employment relationships with dispatched workers under labor dispatch arrangements. During the Track Record Period, the percentage of dispatched workers engaged by one of our principal subsidiaries exceeded the 10% threshold in 2023. Such principal subsidiary proactively rectified the non-compliance and completed the rectification in 2024, and as of December 31, 2024, 2025, June 30, 2026 and the Latest Practicable Date, such principal subsidiary no longer had any labor dispatch arrangements. During the Track Record Period and up to the Latest Practicable Date, such principal subsidiary had not been subject to any administrative penalties, nor had it received any objections or complaints from the relevant authorities in connection with such labor dispatch arrangements. As advised by our PRC Legal Advisor, the risk of such principal subsidiary being subject to administrative penalties by the relevant authorities in respect of such historical labor dispatch arrangements is remote. Save as disclosed above, during the Track Record Period, the percentage of dispatched workers engaged by our Company and our principal subsidiaries did not exceed 10% of the total number of our employees and dispatched workers, which complies with the relevant provisions of the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) (the “**Labor Dispatch Provisions**”). As of the Latest Practicable Date, neither our Company nor our principal subsidiaries had implemented any labor dispatch arrangements.

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During the Track Record Period, we engaged outsourced workers through labor outsourcing arrangements. We entered into labor outsourcing contracts with labor service providers, all of which possessed the relevant qualifications and provided labor outsourcing services to us and our subsidiaries. During the Track Record Period, the outsourced workers engaged by us were primarily used for work tasks or work processes such as promotional sales at retail terminals, production packaging and logistics support, which are characterized by high demand for workers and high personnel turnover. Therefore, we primarily satisfy our actual business needs through labor outsourcing arrangements, which is consistent with our business model. Our Directors are of the view that (i) our labor outsourcing agreements do not possess the characteristics of labor dispatch as provided in the Labor Dispatch Provisions, and therefore the Labor Dispatch Provisions do not apply to our labor outsourcing arrangements; and (ii) during the Track Record Period and up to the Latest Practicable Date, our labor outsourcing agreements comply with applicable PRC laws and regulations in all material respects. To the best knowledge of our Directors, during the Track Record Period, remuneration and other benefits for outsourced workers of our Group have been duly paid by the labor service providers.

LEGAL PROCEEDINGS AND COMPLIANCE

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any material administrative penalties by PRC government authorities, nor had we been involved in any non-compliance incidents that were systemic or had a material adverse effect on our business, financial conditions or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, our Company and our principal subsidiaries have complied with the PRC laws and regulations applicable to our business operations in all material respects.

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. We cannot predict the results of litigation and claims. 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.”

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceeding, and we were not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigations during the Track Record Period and up to the Latest Practicable Date.

LICENSES, PERMITS AND APPROVALS

We had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations during the Track Record Period. As advised by our PRC Legal Advisor, (i) our Company and our principal subsidiaries have obtained all material licenses, permits and approvals required for our business operations; and (ii) there is no material legal impediment for us to renew the licenses, permits, approvals and certificates required for our operations, subject to compliance with applicable legal requirements and timely submission of renewal applications in accordance with applicable PRC laws and regulations.

The following table sets out a list of material licenses, permits, and approvals held by our Company and our principal subsidiaries as of June 30, 2026:

Type of License or Regulatory Approval	Number of License(s)	Expiration date
Food Production License (食品生產許可證)	19	August 26, 2026 to June 29, 2031
Certificate of Registration of Infant Formula Product Formula (嬰幼兒配方乳粉產品配方註冊證)	72	December 26, 2026 to December 18, 2030

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Type of License or Regulatory Approval	Number of License(s)	Expiration date
Certificate of Registration of Formula Food for Special Medical Purposes (特殊醫學用途配方食品註冊證書)	4	February 8, 2029 to October 8, 2029
Food Business License (食品經營許可證)	27	August 26, 2026 to September 15, 2030
Filing Certificate for Pre-packaged Food Sellers (僅銷售預包裝食品經營者備案)	7	Long-term validity
Raw Milk Purchase License (生鮮乳收購許可證)	13	August 29, 2026 to May 27, 2028
Animal Epidemic Prevention Qualification Certificate (動物防疫條件合格證)	12	Long-term validity
Breeding Livestock and Poultry Production and Operation License (種畜禽生產經營許可證)	5	April 29, 2027 to January 22, 2031
Pollutant Discharge Permit (排污許可證)	20	April 25, 2027 to July 14, 2031
Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	15	September 27, 2026 to August 1, 2031
Urban Sewage Discharge into Drainage Network Permit (城鎮污水排入排水管網許可證)	14	November 28, 2027 to March 30, 2031
Water Abstraction Permit (取水許可證)	11	September 11, 2026 to May 30, 2031

As of the Latest Practicable Date, our Company and our principal subsidiaries have registered the product formulas of 24 infant formula product series with the SAMR pursuant to the Administrative Measures for the Registration of Product Formulas of Infant Formula (《嬰幼兒配方乳粉產品配方註冊管理辦法》). As of the Latest Practicable Date, the formulas of all the infant formula products sold by us had been properly registered with the SAMR in accordance with the above-mentioned administrative measures. Our PRC Legal Advisor has advised us that there will be no substantial legal impediment for us to renew the registrations on the condition that they submit relevant application documents satisfactory to the competent authorities in accordance with the Administrative Measures for the Registration of Product Formulas of Infant Formula.

As of the Latest Practicable Date, our Company and our principal subsidiaries have obtained four Certificates of Registration of Formula Food for Special Medical Purposes (特殊醫學用途配方食品註冊證書) from the SAMR. Food Production License, Certificate of Registration of Formula Food for Special Medical Purposes and Food Business License are required for production and sale of formula food for special medical purposes products in the PRC. Our Company and our principal subsidiaries had obtained such licenses throughout the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks during our business operations, including food safety and quality risks, supply chain risks, operational risks, compliance risks and market risks. We have established comprehensive risk management systems with appropriate policies and procedures that align with our comprehensive dairy industry chain operations and we continue to improve these systems. We have adopted, among other things, the following risk management measures:

Board oversight and governance structure. Our Board of Directors is responsible for overseeing our risk management and internal control systems, reviewing their effectiveness, and ensuring that risks are maintained at appropriate levels. To support this oversight function, we have established an Audit Committee comprising Independent Non-executive Directors with appropriate financial and industry expertise, to review and supervise our financial reporting processes, internal control systems, and risk management frameworks. For the qualifications and experience of committee members, see “Directors and Senior Management.”

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Integrated industry chain risk assessment. Given our integrated business model covering dairy farming, raw milk production, and dairy product manufacturing and sales, we have implemented risk-graded management based on risk probability and severity, with dedicated risk assessment mechanisms established for key business lines including dairy farming operations, production facilities, supply chain management, and sales and distribution networks. Our risk assessment processes identify potential risks, evaluate their likelihood and impact, and formulate corresponding mitigation measures.

Food safety and quality control systems. As a dairy products company, food safety represents our highest-priority risk management area. We have established comprehensive food safety management systems supported by digitalized quality control, logistics management, and traceability systems that enable on-time monitoring and integrated management across each stage of our operations from raw milk through finished products. We have implemented a risk management mechanism that combines risk assessment, technical research, and control measures, with corresponding standards and control protocols aligned with international best practices. See “— Food Safety Management and Quality Control.”

Compliance risk management. We have established compliance management frameworks covering anti-fraud, anti-bribery and anti-money laundering. Our internal control guidelines define and regulate employee business activities, establish clear response measures and penalties for violations, and provide multiple whistleblower channels including email, telephone hotlines, and physical mailboxes. We conduct regular compliance training and education for employees, with enhanced training requirements for personnel in sensitive positions or with access to confidential systems.

Digitalization-enabled monitoring and control. Our integrated enterprise systems, including our SAP ERP platform, Sales Force Automation systems, and data analytics platforms, provide visibility into operational performance and enable prompt identification of potential risks. These systems support automated monitoring of key risk indicators across procurement, production, inventory management, sales execution, and financial operations. See “— Digitalization.”

Internal Control

We have engaged an independent internal control consultant to help identify and advise on mitigating risks relating to our operations. During the review by our independent internal control consultant, certain deficiencies were identified based on sample reviews, and we have adopted appropriate internal control measures to rectify such deficiencies. We are not aware of any material internal control weaknesses or incidents during the Track Record Period and up to the Latest Practicable Date.

We are committed to establishing and maintaining comprehensive internal control systems covering all aspects of our operations. Our internal control framework comprises three levels: strategic level (including investment decisions and business planning), operational level (covering business processes across productive biological assets, procurement, production, logistics, sales, and research and development), and supporting level (including finance, human resources, information technology, legal compliance, and quality management). Each level corresponds to detailed procedures, standard operating protocols, and documentation requirements that are coordinated and supervised by relevant functional departments.

We have implemented the principle of segregation of duties in our operations, with different personnel assigned distinct responsibilities in critical processes including financial management, procurement, inventory control, and quality assurance. Our bank accounts and transaction accounts are managed with appropriate authorization hierarchies and verification procedures to ensure accuracy of accounting records and reduce risks of account misuse. We maintain detailed documentation and audit trails for key business transactions and decisions, supporting accountability and enabling effective supervision.

We place great emphasis on integrity in operations and have established a multi-tiered anti-fraud and anti-corruption control mechanism. Our internal audit department, comprising professionals with backgrounds in auditing, legal compliance, and information technology, regularly conducts inspections and assessments of our internal controls, with findings reported to

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senior management and the Board. We have implemented systematic accountability structures with defined confidentiality and compliance responsibilities for all employees, supported by regular training programs and disciplinary measures for violations.

Following the [REDACTED], we will continue to enhance our internal control and risk management capabilities through regular reviews of policies and procedures, adoption of best practices aligned with regulatory requirements and corporate governance standards applicable to listed companies, and ongoing training for our Directors, senior management, and employees on their responsibilities and obligations under the Listing Rules and other applicable regulations.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material incidents of breaches of our anti-bribery, anti-corruption, and anti-fraud policies and procedures, nor any material violations of our internal control policies and procedures that would materially and adversely affect our business operations or reputation.

DATA PRIVACY AND SECURITY

In the ordinary course of our business operations, we collect, store, and process certain personal information from consumers, distributors, business partners, and employees. For consumers, we primarily collect mobile phone numbers, delivery addresses, and purchase history through our proprietary mini-programs, and third-party e-commerce platforms. We store and manage such information in our product traceability system to facilitate consumer engagement and quality verification. For distributors and business partners, we maintain business registration information, contact details, and transaction records through our customer relationship management and distributor management systems to facilitate business operations and performance management. For employees, we collect personal information necessary for employment administration, payroll processing, and access control to our facilities and information systems. All data collected and generated by our Group in our domestic operations is stored within the PRC. Our business does not involve any cross-border data transmission, nor do we permit any overseas institutions, organizations, or individuals to access or export data stored by us within the PRC.

We strictly comply with the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), 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》), and other applicable data protection laws and regulations. Given that legislation and enforcement regarding cybersecurity, data privacy, and protection continue to evolve in the PRC, we closely monitor regulatory developments and take appropriate measures to maintain compliance. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have complied with applicable PRC laws and regulations concerning data protection and privacy, cybersecurity and cross-border data transfer in all material respects.

We have established clear internal accountability structures for information security, with defined confidentiality responsibilities for all employees. Regular training is conducted for employees with access to sensitive systems or information, supported by compliance assessments and a system of accountability. We regularly review our data security measures and update our practices in accordance with technological developments and regulatory requirements. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data breaches, data loss, or unauthorized use of personal information that would materially and adversely affect our business operations or reputation.

INSURANCE

We maintain insurance policies as required under PRC laws and regulations, as well as based on our operational needs and industry practice. For example, our insurance coverage for dairy cattle farming generally includes death caused by certain diseases, accidents or natural disasters. We also maintain product liability insurance, property insurance covering certain fixed assets, inventories and construction in progress, as well as commercial general liability insurance and vehicle insurance. During the Track Record Period and up to the Latest Practicable Date, we had not made any material insurance claims or encountered material difficulties in renewing our insurance policies.

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As advised by Frost & Sullivan, our Directors believe that our existing insurance coverage is adequate and consistent with industry practice. We review our insurance coverage from time to time and make adjustments where appropriate. However, certain risks relating to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage and government compensation may not be sufficient to cover all of our potential losses.”

AWARDS AND RECOGNITION

Our commitment to product quality, brand excellence and social contributions has earned us prominent industry reputation over the years, with key awards and recognition set forth in the table below:

Year	Award/recognition	Entity/product	Issuing authority
2026	High-Level Enterprise in Quality Management Capability (Assurance Level) 質量管理能力高等級企業(保證級)	Our Group	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
2025	International Advanced Level (國際領先水平)	Youcui Baoai (優萃寶愛), SimPurity (簡醇) Flavoured Fermented Yogurt	Chinese Institute of Food Science and Technology (中國食品科學技術學會)
2016-2025	BRCGS Global Standard for Food Safety: Grade AA+ (英國零售商協會食品安全全球標準AA+級別認證)	Our Group	BRCGS (Brand Reputation through Compliance Global Standard)
2025, 2021	First Prize of the Hebei Provincial Science and Technology Progress Award (河北省科學技術進步獎一等獎)	Our Group	People's Government of Hebei Province (河北省人民政府)
2024	Dairy Industry Enterprise of Technology Innovation in 2024 (2024乳業科技創新企業)	Our Group	China Dairy Industry Association (中國乳製品工業協會)
2020	National Commercial Quality Award (全國商業質量獎)	Our Group	China General Chamber of Commerce (中國商業聯合會)
2019	13th World Dairy Innovation Awards — Best Process Innovation Award (第十三屆世界乳品創新獎 — 最佳工藝創新獎)	Freshjoy (悅鮮活)	FoodBev Media
2018	The Quality Summit for Excellence and Innovation in Diamond Category (國際質量管理卓越和創新鑽石獎)	Our Group	BID (Business Initiative Directions) Group One (國際質量峰會，國際質量權威組織)
2018	Nomination Award of the Third China Quality Award (第三屆中國質量獎提名獎)	Our Group	State Administration for Market Regulation (國家市場監督管理總局)
2015	IFS (International Featured Standards) Food Certification: Higher Level (歐盟IFS國際食品標準優秀級認證)	Our Group	SGS-International Certification Services GmbH
2015	BRCGS Global Standard for Food Safety: Grade A+ (英國零售商協會食品安全全球標準 A+級別認證)	Our Group	BRCGS (Brand Reputation through Compliance Global Standard)