

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming the [REDACTED] is not exercised, and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this Document. In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

	Year ended December 31,					
	2026	2027	2028	2029 and onwards	Total	Approximate % of the total
					(HK\$ [REDACTED])	
Expand, upgrade and construct production facilities	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]	[REDACTED]%
Strengthen brand equity and increase consumer engagement	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]	[REDACTED]%
Support channel expansion and market development	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]	[REDACTED]%
Strengthen our R&D platform .	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]	[REDACTED]%
Strengthen our intelligent digital capability development	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]	[REDACTED]%
For working capital and other general corporate purpose . .	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]	[REDACTED]%

- Approximately [REDACTED]% or HK\$[REDACTED], will be allocated to expand, upgrade and construct production facilities to support our long-term capacity planning, improve production efficiency and strengthen our supply capabilities across key regions. According to Frost & Sullivan, the planned investment is broadly in line with the investment scale of comparable production facility projects undertaken by dairy companies in the PRC. See “Business — Our Strategies — Optimize Production Network and Drive Supply Chain Efficiency.” Our production capacity planning is based not only on the overall utilisation rate of our fresh milk production lines, but also on the utilisation of individual product lines and our production requirements across different regions. During the Track Record Period, the production capacity of our fresh milk production lines was 59.0 thousand tons, 153.4 thousand tons, 286.5 thousand tons and 193.8 thousand tons, respectively, and the utilization rate of such production lines was 43.2%, 53.7%, 58.0% and 69.2%, respectively. Although the overall utilisation rate remained at a comparatively moderate level, it increased steadily over the same period. The overall utilisation rate also reflects the aggregate utilisation of different fresh milk production lines, while utilisation levels may vary across individual product lines and regions depending on product mix and market demand. During the same periods, the production capacity of Freshjoy (悅鮮活) production lines was 38.4 thousand tons, 96.0 thousand tons, 158.4 thousand tons and 113.7 thousand tons, respectively, and the utilization rate of such production lines was 55.1%, 74.5%, 81.9% and 74.9%, respectively. The utilization rate of the Freshjoy production lines was consistently higher than that of our fresh milk production lines as a whole throughout the Track Record Period. In particular, in the second half of 2025, the utilization rate of the Freshjoy production lines reached approximately 90%. We therefore believe that the proposed expansion plan remains justified for the following reasons: (i) Product line-specific capacity constraints. Certain product lines, such as Freshjoy fresh milk, have already

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operated at or near full capacity during peak periods. In addition, certain region-specific ambient milk product lines currently lack corresponding production capabilities. As demand for fresh milk products continues to grow, additional production capacity will be required to support future business expansion; (ii) Regional production footprint and operating efficiency. Capacity planning also takes into account the need to manufacture products closer to end markets, particularly for low-temperature liquid dairy products with relatively shorter shelf lives as well as demand for certain ambient milk products from institutional customers, such as enterprises and public institutions. According to Frost & Sullivan, the Yangtze River Delta and the Pearl River Delta are core markets for low-temperature liquid dairy products. In 2025, our fresh milk products recorded revenue growth of 32.7% and 89.6% in East China and South China, respectively. See “Business — Production — Production Capacity Expansion Plan” for details; and (iii) Short-term capacity requirements. Certain product categories may experience temporary demand surges ahead of major holidays or large-scale sales campaigns, requiring sufficient production flexibility to ensure timely supply. In particular:

- (a) Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be used to establish the production plant in Tianchang, Anhui. Tianchang plant will be integrated with our self-operated dairy farms, serving as a key supply base for Yangtze River Delta. According to Frost & Sullivan, from 2021-2025, the retail value of liquid dairy product in the Yangtze River Delta liquid dairy market increased from approximately RMB66.8 billion to RMB71.0 billion. Looking ahead, from 2026-2030, the Yangtze River Delta liquid dairy market is expected to increase from approximately RMB72.6 billion to RMB79.2 billion. The Tianchang plant will enhance localized supply capabilities and facilitate the expansion of our market share of fresh milk products and will focus on producing fresh milk, supported by enhanced cold chain logistics and digitalized supply chain management. These capabilities are intended to preserve the freshness and quality and meet demand of local consumers for fresh milk.

The [REDACTED] will mainly be used for plant construction and procurement of production equipment and automation system as well as recruitment for the relevant operational functions. In particular, we plan to recruit approximately 330 employees with relevant industry experience and qualifications to support the operation of the new production facilities. Among them, 244 employees will be dedicated to procurement and production functions, while the remaining personnel will take on roles in warehouse management, quality control, safety and equipment management, and administrative functions. These personnel are expected to possess relevant operational experience and technical qualifications in dairy production, equipment management, quality control and warehouse operations to support the efficient operation of the Group’s expanded production capacity.

- (b) Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be used to expand the production capacity of Jiangmen plant in Guangdong. Following its expansion, Jiangmen plant will serve as a key supply base for the Pearl River Delta and surrounding regions. According to Frost & Sullivan, from 2021-2025, the retail value of liquid dairy product in the Pearl River Delta market increased from approximately RMB32.2 billion to RMB36.8 billion. Looking ahead, from 2026 to 2030, the Pearl River Delta liquid dairy market is expected to increase from approximately RMB38.0 billion to RMB43.3 billion. The Jiangmen plant will focus on producing fresh milk, low-temperature yogurt and ambient milk, supported by enhanced cold chain logistics and digitalized supply chain management. These capabilities are intended to meet the growing demand for low-temperature liquid dairy product, enhance operational efficiency, and strengthen our competitive position in South China.

The [REDACTED] will mainly be used for plant expansion construction, procurement of equipment and automation systems.

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- (c) Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be used to upgrade production lines. We aim to enhance production efficiency through equipment and manufacturing process upgrades and increase production facility capacity for whipping cream and butter.

The construction of the Tianchang production facility, the expansion of the Jiangmen production facility and the upgrade of certain existing production lines are expected to further strengthen our production capacity. The table below sets out the expected completion timeline, the expected additional production capacity upon completion and the scope and nature of the related project costs.

Project	Expected completion	Expected additional production capacity	Cost by nature
<i>tons in thousand</i>			
Tianchang production facility	2027	137.0	<ul style="list-style-type: none"> • Procurement of equipment and software (65%): production equipment (32 sets); testing equipment (50 units); operational equipment (18 sets); supporting utilities equipment (34 sets) and automation software (1 set) • Construction-related expenses (35%)
Jiangmen production facility expansion .	2030 ⁽¹⁾	168.0	<ul style="list-style-type: none"> • Procurement of equipment (75%): production equipment (10 sets); operational equipment (10 sets) and supporting utilities equipment (12 sets) • Construction-related expenses (25%)
Production line upgrades	2028	232.5	<ul style="list-style-type: none"> • Procurement of equipment (100%)

- Approximately [REDACTED]% or HK\$[REDACTED], will be used strengthening brand equity and increase consumer engagement through coordinated online and offline marketing campaigns. See “Business — Our Strategies — Enhance Brand Awareness and Consumer Engagement.” In particular:

- (a) Approximately [REDACTED]% or HK\$[REDACTED], of the net [REDACTED] will be used to expand elevator and other outdoor media placement in core cities and key communities, strengthening brand visibility and consumer reach in everyday settings. By working closely with offline channels and executing targeted campaigns at peak sales seasons, we aim to enhance retail performance and increase sell-through. We will take into account the promotional schedules of our multi-channel branding activities, the market competition condition and our potential of brand presence when planning the scale and geographical coverage of our outdoor media placements, to further enhancing promotional efficiency. We plan to expand our elevator media coverage to approximately 70 to 80 cities over the next two to three years, with a strategic focus on fast-growing regions for low-temperature dairy products, such as South China and Southwest China.

Note:

- (1) The construction of Jiangmen Facility Phase I is scheduled for completion in 2026. Please refer to “Business — Production — Production Capacity Expansion Plan” for details.

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- (b) Approximately [REDACTED]% or HK\$[REDACTED], of the net [REDACTED] will be used for multi-channel branding activities. While we have not set a fixed target for the number of future multi-channel branding activities by nature, we will implement a series of initiatives in a phased manner. To be more specific, we will strengthen brand recognition by deepening our cooperation with ten Chinese national sports teams and TV channels of CCTV, running key campaigns around the national holidays, sponsoring international sports events, launching brand activities during peak shopping seasons, and extending our reach via TV channels, social media and short video platforms.
- Approximately [REDACTED]% or HK\$[REDACTED], will be used to support channel expansion and market development. See “Business — Our Strategies — Deepen Channel Penetration and Expand Consumption Scenarios and Market Reach.”

We plan to strengthen our advantages in core markets while accelerating expansion into other regions. In particular, we will (i) expand nationwide coverage by rolling out our disciplined channel management model, increasing channel density, driving stronger sales capability at retail outlets, and improving product placement efficiency and competitiveness; (ii) develop new retail channels such as freshly made coffee and tea chains, bakery, membership stores and real-time delivery platforms, with a target of 20 to 30 dairy ingredients clients in the next two to three years, to adapt to ongoing retail transformation and reach a wider consumer group; (iii) advance overseas expansion by building overseas partnerships, promoting brand globalization, and strengthening global operating capabilities. Our overseas expansion will primarily focus on low temperature liquid dairy products and we intend to prioritize selected brands including Freshjoy (悅鮮活) and SimPurity (簡醇). According to Frost & Sullivan, the low-temperature liquid dairy market in Southeast Asia is relatively fragmented, with a retail value of approximately RMB44.9 billion in 2025. From 2025 to 2030, the market is projected to grow at a CAGR of about 7.0%, reaching approximately RMB63.0 billion by 2030. Leveraging Hong Kong as a strategic gateway, our initial focus will be on Southeast Asia, including Singapore, Malaysia, Vietnam, Thailand and Indonesia. We plan to work closely with local distributors and KA customers to strengthen market penetration. As of the Latest Practicable Date, we have engaged 13 distributors and seven KA customers in the overseas market. Currently, our overseas sales and marketing team comprises 33 members covering sales, marketing and supply chain management. We plan to recruit additional members and expand the team to over 50 members within the next three years to support our overseas expansion plan.

- Approximately [REDACTED]% or HK\$[REDACTED], will be used to strengthen our R&D platform, advance basic scientific research, accelerate product innovation and explore new business opportunities. See “Business — Our Strategies — Invest in Product Upgrade and Portfolio Expansion through R&D.”

The [REDACTED] will mainly be used for expansion of R&D facilities, primarily consists of (i) software, such as R&D management systems, strain databases and AI-driven analytical tools; and (ii) hardware, such as innovation incubation equipment (40 sets), fundamental research equipment (3 sets), laboratory equipment (450 sets) and office equipment (50 sets), and (iii) training of R&D personnel, and research projects. Our research and development expenses remained relatively stable at RMB106.0 million, RMB98.7 million and RMB91.6 million in 2023, 2024 and 2025, respectively. Accordingly, our future R&D spending is expected to follow a comparable pace and scale. We plan to continue advancing foundational research in areas such as probiotics, breast-milk components and intestinal health. We aim to complete the breast-milk study, including major nutritional profiling and database establishment, within the next two years and we expect to achieve interim progress in intestinal health research within the next two years. Furthermore, we will improve dairy formulations by introducing low-calorie or high-protein products and functional dairy offerings to meet rising consumer demand for health, nutrition, and variety in the next three to five years. In

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addition, we plan to enrich our product portfolio and explore category-extension opportunities. Key initiatives include applying our research on human-milk bioactives to upgrade our FSMP formula, and building on initial progress in whipping cream and butter, we intend to expand into additional segments and broaden the application of dairy ingredients across foodservice, bakery and freshly made coffee and tea chains. Our future product pipeline also includes breakfast yogurt and cup yogurt designed for on-the-go consumption and post-meal refreshment.

- Approximately [REDACTED]% or HK\$[REDACTED], will be used to strengthen our intelligent digital capability development. See “Business — Our Strategies — Strengthen Digital Capabilities and Enhance Operational Performance.”

By investing in advanced digital software, we aim to enhance big data applications across supply chain, logistics and management and to build an integrated digital management system that connects the entire business and industry value chain. This will enable us to improve operational efficiency, sharpen decision making, and further support automation, digitalization, and intelligent transformation. We plan to procure approximately 14 digital software and systems, with an estimated unit cost of between RMB5.0 million and RMB15.0 million, and establish systems such as a smart retail ecosystem, an efficient supply chain collaboration system, an intelligent decision making center and a unified data platform and application hub. In particular: we will (i) establish a smart retail ecosystem that integrates online and offline channels, equipped with a comprehensive suite of tools for channel operation, terminal management and member engagement enabling coordinated management of procurement, production, warehousing and selling, resulting in more precise marketing and optimizing customer experience; (ii) leverage artificial intelligence and digital technologies to establish a transparent, standardized, and efficient supply chain collaboration system, improving both operational efficiency and quality; (iii) develop a unified data platform and application hub to integrate multidimensional operational data, enhance management effectiveness, and create an intelligent decision making center that provides strong digital support for high quality development. We plan to recruit approximately 15 employees with relevant qualifications and experience in information technology or related fields to support our digitalization initiatives, who will primarily be responsible for the development, implementation and maintenance of our digital and automation systems, including a full-channel solutions team of ten employees focusing on multi-channel systems and a data innovation team of five employees specializing in data strategy and analytics. To enhance efficiency and leverage specialized expertise, we will outsource the system updates to external technology vendors.

- Approximately [REDACTED]% or HK\$[REDACTED] will be used for working capital and other general corporate purposes.

The additional net [REDACTED] that we would receive if the [REDACTED] is exercised in full would be HK\$[REDACTED] (based on an [REDACTED] of HK\$[REDACTED] per Share). We intend to apply the additional net [REDACTED] that we receive from any exercise of [REDACTED] to the above allocation on a pro rata basis.

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we will deposit those net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such events, we will comply with the appropriate disclosure requirements under the Listing Rules.