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Application Proof of

Junlebao Dairy Group Co., Ltd.
君樂寶乳業集團股份有限公司

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

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Junlebao Dairy Group Co., Ltd.
君樂寶乳業集團股份有限公司

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

[REDACTED]

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

Joint Sponsors, and Sponsor-Overall Coordinators

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The Overall Coordinators, on behalf of the [**REDACTED**], may, where considered appropriate and with the Company's consent, reduce the number of [**REDACTED**] and/or the indicative [**REDACTED**] range below that which is stated in this Document (which is HK$[**REDACTED**] to HK$[**REDACTED**]) at any time on or prior to the morning of the last day for lodging [**REDACTED**] under the [**REDACTED**]. In such a case, an announcement will be published on the website of our Company at **https://www.junlebaoruye.com/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the [**REDACTED**] will be canceled and relaunched at the revised number of [**REDACTED**] and/or the revised [**REDACTED**] range in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [**REDACTED**] under the [**REDACTED**]. Further details are set forth in the sections headed "Structure of the [**REDACTED**]" and "How to Apply for [**REDACTED**]" in this Document.

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[**REDACTED**]

CONTENTS

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Page

EXPECTED TIMETABLE iv

CONTENTS vii

SUMMARY 1

DEFINITIONS 15

GLOSSARY 24

FORWARD-LOOKING STATEMENTS 28

RISK FACTORS 29

WAIVERS 51

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED] 55

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED] 59

CORPORATE INFORMATION 62

INDUSTRY OVERVIEW 64

CONTENTS

REGULATORY OVERVIEW		76
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE		91
BUSINESS		109
DIRECTORS AND SENIOR MANAGEMENT		184
CONNECTED TRANSACTIONS		196
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS		203
SHARE CAPITAL		205
SUBSTANTIAL SHAREHOLDERS		207
FINANCIAL INFORMATION		210
FUTURE PLANS AND USE OF [REDACTED]		268
[REDACTED]		273
STRUCTURE OF THE [REDACTED]		282
HOW TO APPLY FOR [REDACTED]		288
APPENDIX I	**ACCOUNTANTS' REPORT**	I-1
APPENDIX II	**UNAUDITED [REDACTED] FINANCIAL INFORMATION**	II-1
APPENDIX III	**SUMMARY OF ARTICLES OF ASSOCIATION**	III-1
APPENDIX IV	**STATUTORY AND GENERAL INFORMATION**	IV-1
APPENDIX V	**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**	V-1

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

OVERVIEW

We are a reputable dairy company in China, drawing on more than 30 years of deep industry experience. Today, we have grown into a nationwide dairy company with a comprehensive value chain and diversified product offerings. We produce and sell dairy products under our master brand, Junlebao (君樂寶), as well as other self-owned brands, including SimPurity (簡醇) and Freshjoy (悦鮮活). 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 (悦鮮活) 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 (悦鮮活) 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. 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 (悦鮮活), 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.

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

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

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

Note:

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

Our R&D Capabilities

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

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

Our Dairy Farming and Production

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

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

Dairy Farming Operation

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

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

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

Our Dairy Production Facilities

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

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

Our Sales Network

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

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

Notes:

(1) Others primarily consisted of (i) direct sales of products to individual consumers at retail locations such as scenic spots; (ii) sales of products to our employees at preferential prices as part of our employee benefits programs; and (iii) sales of dairy cards to individual customers for product redemption.

(2) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees.

Our Comprehensive Value Chain

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

Our Market Opportunities

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

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

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

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

Our Financial Performance

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

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

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

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

OUR STRENGTHS

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

OUR STRATEGIES

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

OUR CUSTOMERS AND SUPPLIERS

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

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

RISK FACTORS

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

COMPETITION

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

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

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Description of Selected Items of Our Consolidated Income Statement

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

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

Note:

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

Non-CASBE Financial Measures

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

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

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

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

Discussion of Selected Items from Our Consolidated Balance Sheet

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

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

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

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

Summary of Consolidated Cash Flow Statement

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

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

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

Key Financial Ratios

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

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

Biological Assets and Valuation

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
		(RMB in thousands)		
Productive biological assets				
– Immature productive biological assets	2,159,104	1,653,787	2,046,558	2,124,826
– Mature productive biological assets	2,452,626	2,990,982	2,943,923	2,985,367
Subtotal	**4,611,730**	**4,644,769**	**4,990,481**	**5,110,193**
Consumable biological assets				
– Beef cattle	49,891	N/A	N/A	N/A
Total	**4,661,621**	**4,644,769**	**4,990,481**	**5,110,193**

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

CONTROLLING SHAREHOLDERS

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

PRE-[REDACTED] INVESTMENTS

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

A-SHARE LISTING ATTEMPT

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

[**REDACTED**]

[**REDACTED**]

USE OF [**REDACTED**]

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

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

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

See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for details.

DIVIDENDS

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

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

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

[**REDACTED**]

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

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

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

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary".

"Accountants' Report"	the accountants' report of our Company prepared by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended from time to time, which shall become effective upon [**REDACTED**], a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Banner Dairy"	Banner Baby Dairy Co., Ltd. (旗幟嬰兒乳品股份有限公司), a joint stock company with limited liability established in the PRC on February 26, 2013 and a non-wholly owned subsidiary of our Company
"Banner Farming"	Zhangjiakou Junlebao Banner Farming Co., Ltd. (張家口君樂寶旗幟牧業有限公司), a limited liability company established in the PRC on November 1, 2020 and a non-wholly owned subsidiary of our Company
"Board" or "our Board"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong
	[**REDACTED**]
"CASBE"	China Accounting Standards for Business Enterprises
	[**REDACTED**]
"China", "Chinese Mainland", or "PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Junlebao Dairy Group Co., Ltd. (君樂寶乳業集團股份有限公司), a limited liability company established in the PRC on April 21, 2000 and converted into a joint stock company with limited liability on December 15, 2023
"Compliance Advisor"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Wei, Ms. He Xiaomei, Lehui Consulting, Lehui Ruisheng, Yuehui Xinghong, Yuehui Xinghong I, Runde Zhiying II, Zhenlecheng and Zhenlecheng XII, being the members constituting the group of our Controlling Shareholders
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Derong Plastic"	Hebei Derong Plastic Packaging Products Co., Ltd. (河北德容塑料包裝製品股份有限公司), a limited liability company established in PRC on November 23, 2012 and a wholly-owned subsidiary of our Company
"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"Exchange Participant"	a person (a) who, in accordance with the Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant commissioned by us to prepare the Frost & Sullivan Report

"Frost & Sullivan Report"	an independent market research report, commissioned by our Company and prepared by Frost & Sullivan
"FSMP"	food for special medical purposes, foods specially processed and formulated to meet the nutritional or dietary needs of individuals with restricted food intake, digestive absorption disorders, metabolic imbalances, or specific medical conditions. These products must be consumed under the guidance of a physician or dietitian, either alone or in combination with other foods
	[**REDACTED**]
"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
	[**REDACTED**]
"H Share(s)"	listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
	[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Jiangsu Junlebao Dairy"	Jiangsu Junlebao Dairy Co., Ltd. (江蘇君樂寶乳業有限公司), a limited liability company established in the PRC on March 8, 2004 and a non-wholly owned subsidiary of our Company

[**REDACTED**]

"Joint Sponsors" and "Sponsor-Overall Coordinators"	the joint sponsors and sponsor-overall coordinators as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this Document
"Junchuang Farming"	Shijiazhuang Junchuang Farming Development Co., Ltd. (石家莊君創牧業發展有限公司), a limited liability company established in PRC on September 23, 2019 and a wholly-owned subsidiary of our Company
"Junnong Feed"	Hebei Junnong Feed Co., Ltd. (河北君穠飼料有限公司), a limited liability company established in PRC on September 4, 2020 and a wholly-owned subsidiary of our Company
"Latest Practicable Date"	August 11, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication
"Lehui Consulting"	Shijiazhuang Lehui Corporate Management Consulting Co., Ltd. (石家莊樂慧企業管理諮詢有限公司), a limited company incorporated in the PRC on September 4, 2020, being a Controlling Shareholder
"Lehui Ruisheng"	Shijiazhuang Lehui Ruisheng Corporate Management Center (Limited Partnership) (石家莊樂慧瑞晟企業管理中心(有限合夥)) (formerly known as Zhuhai Hengqin Lehui Ruisheng Corporate Management Center (Limited Partnership) (珠海橫琴樂慧瑞晟企業管理中心(有限合夥))), a limited partnership established in the PRC on September 23, 2020, being a Controlling Shareholder
"Leyuan Farming"	Hebei Leyuan Farming Co., Ltd. (河北樂源牧業有限公司), a limited liability company established in the PRC on August 16, 2013 and a wholly-owned subsidiary of our Company
"Leyuan Farming Weixian"	Leyuan Farming Weixian Co., Ltd. (樂源牧業威縣有限公司), a limited liability company established in PRC on January 24, 2014 and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wei"	Mr. Wei Lihua (魏立華), our executive Director, chairperson of the Board, general manager of the Group and Controlling Shareholder
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overall Coordinator(s)"	the overall coordinators as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this Document
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Grandall Law Firm (Shanghai), the PRC Legal Advisor to our Company in connection with the [**REDACTED**]
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Group undertaken by the Pre-[**REDACTED**] Investors prior to this [**REDACTED**], the details of which are set out in "History, Development and Corporate Structure" in this Document
"Pre-[**REDACTED**] Investor(s)"	the investor(s) making investments in our Group prior to this [**REDACTED**] as set out in "History, Development and Corporate Structure" in this Document

[**REDACTED**]

"Document"	this document being issued in connection with the [**REDACTED**]
"QIB(s)"	qualified institutional buyer(s) within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Runde Zhiying II"	Shijiazhuang Runde Zhiying II Corporate Management Center (Limited Partnership) (石家莊潤德智盈貳號企業管理中心(有限合夥)) (formerly known as Zhuhai Hengqin Runde Zhiying II Corporate Management Center (Limited Partnership) (珠海橫琴潤德智盈貳號企業管理中心(有限合夥))), a limited partnership established in the PRC on September 27, 2020, being a Controlling Shareholder

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SASAC"	State-owned Assets Supervision and Administration Commission (國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Siping Junlebao Dairy"	Siping Junlebao Dairy Co., Ltd. (四平君樂寶乳業有限公司), a limited liability company established in the PRC on April 17, 2015 and a wholly-owned subsidiary of our Company
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the three financial years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2026
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
	[**REDACTED**]
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"VAT"	value-added tax
"Weixian Junlebao Dairy"	Weixian Junlebao Dairy Co., Ltd. (威縣君樂寶乳業有限公司), a limited liability company established in the PRC on January 11, 2018 and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Yongsheng Dairy"	Shijiazhuang Yongsheng Dairy Co., Ltd. (石家莊永盛乳業有限公司), a limited liability company established in the PRC on September 25, 2007 and a wholly-owned subsidiary of our Company
"Yuehui Xinghong"	Shijiazhuang Yuehui Xinghong Corporate Management Center (Limited Partnership) (石家莊悦慧興泓企業管理中心(有限合夥)) (formerly known as Zhuhai Hengqin Yuehui Xinghong Corporate Management Center (Limited Partnership) (珠海橫琴悦慧興泓企業管理中心 (有限合夥)), a limited partnership established in the PRC on September 23, 2020, being a Controlling Shareholder
"Yuehui Xinghong I"	Shijiazhuang Yuehui Xinghong I Corporate Management Center (Limited Partnership) (石家莊悦慧興泓壹號企業管理中心(有限合夥)) (formerly known as Zhuhai Hengqin Yuehui Xinghong I Corporate Management Center (Limited Partnership) (珠海橫琴悦慧興泓壹號企業管理中心(有限合夥))), a limited partnership established in the PRC on September 27, 2020, being a Controlling Shareholder
"Zhengyang Junlebao Dairy"	Zhengyang Junlebao Dairy Co., Ltd. (正陽君樂寶乳業有限公司), a limited liability company established in the PRC on September 30, 2015 and a wholly-owned subsidiary of our Company
"Zhenlecheng"	Shijiazhuang Zhenlecheng Corporate Management Center (Limited Partnership) (石家莊臻樂誠企業管理中心(有限合夥)), a limited partnership established in the PRC on July 17, 2023, being a Controlling Shareholder
"Zhenlecheng XII"	Shijiazhuang Zhenlecheng XII Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾貳號企業管理中心(有限合夥)), a limited partnership established in the PRC on October 10, 2025, being a Controlling Shareholder
"%"	per cent

Certain amounts and percentage figures included in this Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY

Unless the context otherwise requires, explanations and definitions of certain terms used in this Document in connection with our Group and our business shall have the meanings set out below. Some of these terms and their meanings may not correspond to standard industry definitions or usages, and may not be comparable to similar terms adopted by other companies.

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

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

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

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

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (i) our operations and business prospects; (ii) our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers; (iii) future developments, trends and conditions in the industries and markets in which we operate or plan to operate; (iv) general economic, political and business conditions in the markets in which we operate; (v) changes to the regulatory environment in the industries and markets in which we operate; (vi) our ability to maintain our market position; (vii) the actions and developments of our competitors; (viii) our ability to effectively contain costs and optimize pricing; (ix) the ability of third parties to perform in accordance with contractual terms and specifications; (x) our ability to retain senior management and key personnel and recruit qualified staff; (xi) our business strategies and plans to achieve these strategies; (xii) the effectiveness of our quality control systems; (xiii) change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and (xiv) capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors".

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

An [**REDACTED**] *in our H Shares involves various risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares.*

The occurrence of any of the following events could materially and adversely affect our business, financial conditions, results of operations or prospects. If any of these events occurs, the market price of our H Shares could decline, and you may lose all or part of your [**REDACTED**]. *You should seek professional advice from your relevant advisers regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive and evolving market where the two largest players held a significant share and we may lose our market share if we fail to compete successfully.

We compete in the highly competitive dairy products industry. According to Frost & Sullivan, there were over 650 dairy companies in China with revenue exceeding RMB20 million in 2025, and the two largest players together accounted for 41.7% of the market share in China by retail value. We primarily compete with other established dairy companies in China with decades of operation history and diverse product offerings. To obtain and maintain competitive advantage in any of these business segments would require us to divert significant production, research, managerial, financial and human resources. In addition, each of our business segments is subject to rapid changes in respective market and new market entrants.

The industry is also undergoing transformation driven by evolving consumer preferences, including rising demand for premium, functional, and health-oriented dairy products. Market participants that are able to respond quickly to such trends through product innovation and brand positioning may gain competitive advantage. If we fail to adapt to such changes in a timely and effective manner, our ability to attract and retain customers may be impaired, which could materially and adversely affect our business, financial conditions and results of operations.

Furthermore, the dairy product industry in China is subject to cyclical fluctuations driven by macroeconomic conditions, demographic trends, and evolving consumer preferences. For example, by retail value, the liquid dairy market grew from RMB351.2 billion in 2021 to RMB364.5 billion in 2023, before declining to RMB345.0 billion in 2025, according to Frost & Sullivan. While the industry has experienced notable growth in recent years, its performance may vary across different economic cycles. For instance, demand for infant formula products is closely linked to birth rate trends, which may fluctuate over time. According to the PRC National Bureau of Statistics, the total number of newborns in China was 9.0 million, 9.5 million and 7.9 million in 2023, 2024 and 2025, respectively. A decline in birth rates may adversely affect the demand and pricing of our infant formula products.

In addition, the dairy product industry may face cyclical pressures from market saturation, shifts in consumer behavior, and competition from alternative products such as soy- or oat-based beverages. These factors may lead to temporary downturns in demand or pricing pressure. If we are unable to effectively respond to such cyclical changes, our business performance, financial conditions, and expansion plans may be materially and adversely affected.

We may fail to adapt to changes in consumer preferences and market trends and introduce new products.

Our success depends on our ability to anticipate, identify, interpret and react to the evolving dietary habits, nutritional needs and tastes of end consumers and to offer products that appeal to them. We devote substantial efforts to developing product formulations that we believe would meet the needs and preferences of end consumers. For instance, we endeavor to develop products that excel in taste, nutritional value and promote the general health of our consumers, in response to the increased demand for flavorful, low-calorie and low-cholesterol dairy products inspired by the rising health awareness in the general population. However, the development and launch of new

products involve uncertainties, including the risk of untimely product development failing to meet market demand, the risk of market or consumer rejection, unforeseen challenges in production or distribution, and the possibility of unintended impacts on our existing product portfolio. Moreover, the introduction of new products may lead to cannibalization with our current offerings, further complicating our ability to maintain overall revenue growth. Failure to adapt to constantly changing consumer preferences and market trends could result in reduced demand and pricing pressure, inventory obsolescence, and potential write-downs or write-offs, any of which could materially and adversely affect our business, financial conditions and results of operations.

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

Our dairy products are branded and marketed under our own brands. Our brands, including Junlebao (君樂寶), Freshjoy (悦鮮活) , SimPurity (簡醇) and Youcui (優萃), have been inspiring consumer confidence and loyalty since our inception. Our continued success and growth depend significantly on our ability to protect and promote our brands in our existing markets and new markets. The reputation of our Group and our brands form the foundation of our relationships with consumers, customers as well as suppliers. If we fail to promote our brands or protect our brand image, or if we fail to properly supervise the distribution of our products by our sales channels, or if such sales channels fail to comply with our sales policies or abuse our brands, the market recognition of our brands may deteriorate, which in turn may adversely affect our sales performance and profitability. There is no guarantee that we will be effective in protecting our brands. Further, the success of our business depends on our ability to continuously promote our brands and offer quality products that are attractive to consumers, and our business can suffer if our marketing plans or product initiatives fail to achieve the desired effect to attract consumers. As technologies, industry trends and consumer preferences continue to change, we must make continuous efforts to develop new products, achieve a diversified mix of products and refine the approach to marketing and selling our products. For example, it is increasingly common for key opinion leaders or ordinary consumers to share their user experience of different kinds of consumer products on social media platforms, which could potentially influence how our products may be perceived by the public.

Market changes bring new opportunities as well as challenges to our sales and marketing abilities. If we fail to formulate suitable sales and marketing strategies in response to market changes, our brand recognition, market share and results of operations may be materially and adversely affected. The process of developing new brands and products and formulating marketing plans may be time consuming and incur research and development and marketing expenses. Furthermore, there is no guarantee that the new brands and products will be well received by consumers, in which case our financial performance may not meet our expectation. There is also no guarantee that we will not face any defamation, libel or misinformation against us from our competitors or other third parties, which could damage our brand image and reputation. In addition, adverse or inaccurate media coverage, the rapid spread of misinformation on social media platforms, or negative public sentiment could materially weaken our brand image and reduce consumer confidence in our brands. Our results of operations or cash flows could also be negatively impacted if our Group or any of our brands suffers substantial reputational harm due to any significant product recall, product-related litigation or defects in our products. Any of the above could have an adverse effect on our business, financial conditions and results of operations.

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

Our dairy products, which include, but are not limited to, yogurt, milk and formula products, are intended for human consumption. As such, any actual or perceived food safety issues or product contamination could materially and adversely affect our reputation, financial conditions and results of operations. Consumers are highly sensitive to food safety concerns and may react strongly to media coverage or regulatory disclosures. Food safety issues involving downstream products made by our corporate customers, regardless of whether our products are responsible, may also result in negative publicity or regulatory scrutiny. Such incidents may also trigger customer complaints, product liability claims or product recalls, further amplifying the adverse impact on our business.

Any actual or perceived food safety issues, whether involving our products or those of other dairy producers, may lead to heightened consumer concern over the safety and quality of dairy products in general. This could result in a loss of consumer confidence, reduced demand for our products, increased regulatory scrutiny, and reputational damage, all of which could materially and adversely affect our business, financial conditions, results of operations and prospects. Furthermore, the mere publication of information, whether substantiated by factual evidence or not, alleging that our products contain or have contained any contaminants or adverse publicity about the quality of our products, could damage our reputation and have a material adverse effect on us, regardless of whether such publication or publicity has any factual basis.

In addition to negative publicity, customer complaints, product liability claims, potential recalls and loss of sales, if our products are found to be contaminated or otherwise not in compliance with applicable laws and regulations governing food safety, we may be subject to regulatory actions. For example, if we are found to violate food safety related regulations, we could be subject to penalties, including monetary fines, confiscation of illegal gains, income and foodstuffs from the manufacturing or business activities, and of utensils, equipment, raw materials and other articles used for illegal business activities, and/or the revocation of licenses needed to conduct our business, which could materially and adversely affect our results of operations and financial conditions.

Furthermore, there can be no guarantee that contamination of these products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. We cannot assure you that any contamination of our products, or similar events that negatively impact the safety of our product offering, will not occur in the future or that we will be able to timely detect and address such contamination. Any such incidents, if they occur, may materially and adversely affect our results of operations, brand and reputation.

We mainly collaborate with Independent Third Party distributors over whom we have limited control.

In years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, our revenue from distributor channels accounted for 74.4%, 72.0%, 67.4%, 68.6% and 66.2% of our total revenue in the respective periods. The performance of our distributors and their abilities to sell our products, uphold our brand, expand their businesses and their sales network are crucial to the future growth of our business and may directly affect our sales volume and profitability. Our distributors may engage in non-compliant acts in connection with the sales or marketing of our products. If our distributors violate laws or engage in unlawful or non-compliant practices, we could be liable for damages or fines, which could negatively affect our financial conditions and results of operations.

In addition, our distributors are required to abide by geographic selling restrictions stipulated in the distribution agreement. We have limited control over daily business activities of our distributors as they are generally Independent Third Parties. Non-compliance by any of our distributors with our distribution agreements or our internal policies may harm our brand reputation and image, disrupt our sales, or lead to other unfavorable outcomes. In light of the above, our brand and reputation, our sales activities or the price of our Shares could be adversely affected if we are exposed to any negative publicity as a result of any actions taken by, or the negligence of, our distributors.

Due to our dependence on distributors for the sales and distribution of our products, any (i) reduction, delay or cancelation of orders from our distributors, (ii) sale of our competitors' products by our distributors, (iii) failure to renew distribution agreements or maintain good relationships with existing distributors, and (iv) inability to timely identify and appoint additional or replacement distributors or retailers upon the loss of one or more of our distributors, may cause material fluctuations or declines in our revenue and have a material and adverse effect on our financial conditions and results of operations.

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 and thus have no control of sales activities of such sub-distributors. We cannot assure you that the sub-distributors will at all times comply with our sales policies or that they will not compete with each other for

market share in respect of our products. If any of the sub-distributors fail to distribute our products to their customers in a timely manner, overstock, or carry out actions which are inconsistent with our business strategy, it may affect our future sales. This may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to maintain relationships with our direct sales channels, or be otherwise successful in strengthening our presence in retail formats.

A significant portion of our sales is derived from our direct sales channels through KA customers, e-commerce platforms, online self-operated stores, and corporate and institutional clients. In years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, our sales via direct sales channels accounted for 20.3%, 24.1%, 25.4%, 23.1% and 28.7% of our total revenue in the respective periods. These channels provide us with extensive market reach and access to a broad consumer base. Our ability to maintain stable relationships with these counterparties is subject to a number of factors, many of which are beyond our control. For example, direct sales customers may change their procurement policies, adjust their product mix, consolidate suppliers, increase listing fees or impose more stringent product quality and delivery standards. In addition, increased competition may lead to the loss of shelf space or reduced visibility of our products. Failure to maintain such relationships, or any deterioration in the commercial terms granted to us, could materially and adversely affect our sales performance. Moreover, there is no assurance that we will continue to succeed in doing so. Consumers' purchasing habits may shift, new market entrants may capture consumer attention, and technological innovations in online retail may outpace our ability to adapt. If we fail to strengthen our presence in modern retail formats or effectively adapt to evolving consumer preferences, our growth prospects, revenues and overall financial conditions could be materially and adversely affected.

Our operating results are affected by the market selling prices of dairy products.

Our operating results are significantly affected by the market selling prices of dairy products, which are subject to continuous fluctuations driven by market forces of supply and demand and other external factors beyond our control. These factors include: (i) macroeconomic conditions; (ii) shifts in consumer preferences and demand for dairy products; (iii) competition within the dairy industry; (iv) outbreaks of animal diseases affecting dairy livestock; (v) government regulations and policy actions, particularly those related to price controls, food safety standards, and environmental protection; and (vi) advancements in dairy farming practices and processing technologies.

Our profitability is highly sensitive to fluctuations in the selling prices of dairy products which are affected by fluctuation in market prices. Any decline in such prices, or the occurrence of unforeseen events that adversely affect market conditions, may materially and negatively impact our revenue and profitability. Adverse pricing movements may result in compressed profit margins or even operating losses. In addition, any delay, omission or misjudgment in responding to changes in market dynamics may lead to sub-optimal management decisions, which could further materially and adversely affect our financial performance and operating results.

Any failure to execute effective sales and marketing strategies or adjust such strategies according to market changes may materially and adversely affect our business, financial conditions and results of operations.

We aim to increase the sales of our products, achieve broader market acceptance, and maintain customer loyalty, which, to some extent, will depend on the successful execution of our sales and marketing strategy. During the Track Record Period, we invested resources primarily in strengthening brand image and product visibility. See "Business — Branding and Marketing." In 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, our selling and distribution expenses amounted to RMB3,601.0 million, RMB3,377.1 million, RMB3,366.7 million, RMB1,638.0 million and RMB1,714.4 million, respectively, representing 20.5%, 17.0%, 16.5%, 16.5% and 16.2% of our revenue, respectively. In particular, we may conduct promotional activities and incur selling and distribution expenses to stimulate customer demand after the product launch, which may affect our profitability. We cannot assure you that our sales and marketing strategies will always be effective. Any failure to execute our sales and marketing strategies in a cost-effective manner could have a negative impact on our profitability. In addition, we may need

to adjust our sales and marketing strategies in response to the launch of new dairy products or rapid changes in consumer preferences and demand in the dairy industry. Failure to do so in a timely manner may result in a decline in product sales and market share. Both of these could have a material adverse effect on our business, financial conditions and results of operations. In addition, fluctuations in market selling prices of dairy products may also affect our profitability, as changes in pricing could offset the benefits of our sales and marketing efforts. According to the PRC National Bureau of Statistics, the consumer price index for dairy products increased by about 0.4% in 2023 while decreased by about 1.6% and 1.5% in 2024 and 2025, respectively. Moreover, as customer preferences change over time and new sales channels emerge, we might not be able to promptly identify or capitalize on such market opportunities. Any failure in hiring and retaining qualified sales and marketing personnel to execute our strategies effectively or timely adjusting our strategies to respond to market trends may result in a loss of market share, decrease in revenue and damage to our business.

Fluctuations in prices and quality of raw materials and unstable supply of raw materials could adversely impact our business, profitability and results of operations.

The raw materials that we require mainly include raw milk, dairy ingredients and packaging materials. Our procurement cost of raw materials amounted to RMB9,008.8 million, RMB9,954.8 million, RMB9,010.6 million, RMB4,028.9 million and RMB4,673.0 million in 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, respectively, accounting for 78.0%, 76.8%, 64.8%, 60.6% and 65.5% of the operating costs in the same periods. We cannot assure you that our raw material suppliers will continue their business relationship with us and deliver to us sufficient raw materials in a timely manner on commercially acceptable terms, or at all. Failure to continue such business relationships, especially relationships with suppliers of key raw materials for which there are no commercially viable alternatives, could result in delay of our production and/or increase in our cost of sales, which could materially and adversely affect our business and financial position. In the event that our agreements with these suppliers are terminated, interrupted, or otherwise adversely modified, there is no guarantee that we are or will be able to secure alternative sources of raw materials with comparable prices or amounts on terms favorable to us, or at all.

We are also exposed to the risk of fluctuation in market prices of raw materials. The average raw milk purchase price was RMB3.7/kg in 2019, increase to a peak of RMB4.3/kg in 2021, then declined to RMB4.2/kg in 2022 and RMB3.8/kg in 2023, before further decline to RMB3.3/kg in 2024, and then further decreased to RMB3.1/kg in 2025, according to Frost & Sullivan. If we are unable to effectively manage the price fluctuations or transfer the increased costs to our customers or adjust our procurement strategy, any significant increase in the prices of raw materials would adversely impact our profit margin. Moreover, supplies of raw materials are subject to a variety of factors beyond our control. Such factors include demand and supply dynamics, suppliers' business performance, government control, overall economic conditions, weather conditions, various plant diseases, pests and other acts of nature, all of which may have an impact on the availability of raw materials and their respective market prices. We cannot guarantee that we may continue to obtain sufficient quantities of raw materials at acceptable prices or at all. In addition, we are exposed to the risk that the quality of raw materials supplied to us may not consistently meet our standards or regulatory requirements. Any deterioration in raw material quality could adversely affect our product safety, brand reputation, and financial results.

We mainly source raw milk from our dairy farms. Such raw milk supply may be affected by various factors including the health of our dairy cows.

It is expected that our demand for raw milk will continue to grow in the future in line with our business expansion. As such, a major outbreak of any illness or disease at any of our dairy farms could have a significant adverse impact on our raw milk supply, which will in turn jeopardize our ability to produce our dairy products and sell our raw milk. The source of diseases may include our employees, our feed supplies, visitors to our dairy farms, contaminated water and pathogens transmitted through the air. In recent years, the dairy farming industry has been exposed to outbreaks of serious bovine diseases, including bovine spongiform encephalopathy (BSE, commonly known as mad cow disease), foot-and-mouth disease, lumpy skin disease, bovine tuberculosis and brucellosis. These diseases can spread rapidly through direct contact, contaminated feed or water, airborne transmission, or farm personnel. Some of these diseases are zoonotic and may pose risks to human health, which could trigger heightened regulatory scrutiny and public

concern. We cannot assure you that such incidents will not occur in the future. Any such outbreak could lead to mandatory culling, suspension of operations, and restrictions on the sale and transport of raw milk, all of which could materially and adversely affect our business, financial conditions and results of operations.

We may encounter difficulties in maintaining, optimizing or expanding our sales network, and may not be able to effectively manage any overlap or potential competition among our distributors and across different sales channels.

We have established a multichannel sales network across the national market. For the years ended December 31, 2023, 2024 and 2025, our sales via direct sales channels accounted for 20.3%, 24.1%, and 25.4% of our total revenue and our sales via distributors accounted for 74.4%, 72.0%, and 67.4% of our total revenue, respectively. For the six months ended June 30, 2025 and 2026, our sales via direct sales channels accounted for 23.1% and 28.7% of our total revenue and our sales via distributors accounted for 68.6% and 66.2% of our total revenue, respectively. We cannot guarantee long-term and in-depth cooperation with our existing sales channels. If we fail to meet their expectations, our cooperation may be terminated. Such termination could adversely impact our access to end customers, business, financial conditions and results of operations. Furthermore, failure to successfully expand into new sales channels could result in a loss of competitive advantages to competitors or lead to customer attrition, limiting our growth potential.

We cannot guarantee that our measures to manage overlap or potential competition among our sales channels will be effective. As a result, the expansion of our sales network may not lead to proportionate expansion of our revenue. Furthermore, adverse competition and cannibalization among our sales channels may have a negative impact on the stability of our sales network, which may have a material and adverse effect on our business, financial conditions and results of operations.

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

Our business depends on the smooth operations at our production facilities. For example, the production of our dairy products requires us to maintain a sufficient supply of raw milk and other raw materials, manage our pasteurization, fermentation, packaging and other processing plants, and timely deliver quality dairy products to our customers. Damage to or disruption at our production facilities could materially and adversely affect our business. Such damage or disruption could result from the following factors, among other things: (i) utility supply disruptions, terrorism, strikes or other *force majeure* events; (ii) forced closing or suspension of our production facilities; (iii) inclement weather conditions; (iv) major disease outbreaks at our dairy farms or our neighboring farms; (v) pollution of underground water resources; (vi) challenges in compliance with evolving rules and guidelines; (vii) interruption of our information technology systems that facilitate the management of our dairy farms and feed production facilities; (viii) accidents in our production facilities, including major equipment failures or fires, which may result in suspension of operations, property damage, severe personal injuries or even fatalities; (ix) opposition from, or disputes with, local communities with respect to our continued operation or further development or new development of our dairy farms; and (x) other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply. We cannot assure you that the events and factors mentioned above will not occur and result in a material disruption to the operations of our production facilities in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of such events or factors, or to effectively respond to such events or factors, our business, results of operations and financial conditions could be materially and adversely affected.

Failure to meet storage and transportation requirements for our dairy products may result in quality risks, operational disruption, and reputational harm.

We engage logistics service providers for the transportation and delivery of our dairy products. Our distributors also provide logistical services to deliver our products to our end customers. Any failure by logistics providers or distributors to maintain required transport conditions such as inadequate insulation, non-compliant vehicle specifications, or improper

cleaning, could result in bacterial contamination, quality degradation, or spoilage. Similarly, delays or mishandling during loading, unloading, or in-transit storage may lead to physical damage, leakage, or premature expiration, increasing the risk of product returns, regulatory non-compliance, or recalls. As the contracts generally do not stipulate that the domestic logistics partners shall buy transportation insurance, we remain liable for shipping risks. In such cases, logistics performance failures, particularly those affecting temperature-sensitive or time-sensitive dairy products, may disrupt our supply chain, reduce customer satisfaction, and damage our brand reputation. If our logistics providers or distributors fail to comply with regulatory standards or contractual obligations relating to hygiene, temperature control, or delivery timelines, we may incur additional costs, lose revenue opportunities, or face reputational and regulatory consequences. Such risks could materially and adversely affect our business operations, financial conditions, and results of operations.

We have significant productive biological assets, which may depreciate faster than expected. In addition, our biological assets may also incur impairment losses.

As of December 31, 2023, 2024 and 2025 and as of June 30, 2026, the carrying amount of our productive biological assets was RMB4,758.4 million, RMB4,796.3 million, RMB5,007.8 million and RMB5,051.9 million, respectively. Our productive biological assets presented at cost less accumulated depreciation and impairment provision. See "Financial Information — Significant Accounting Policies and Significant Accounting Judgments and Estimates." The productive biological assets may depreciate faster than expected. Our financial performance and operating results could be negatively impacted as a result. As of December 31, 2023, 2024 and 2025 and as of June 30, 2026, the carrying amount of our consumable biological assets was RMB50.0 million, nil, nil and nil, respectively. In addition, we conduct impairment assessments for our biological assets in accordance with applicable accounting standards. These assets are susceptible to value fluctuations due to factors beyond our control including, but not limited to, changes in the selling price of raw milk, fluctuations of feed costs, the occurrence of diseases or health issues, natural disasters and changes in regulatory requirements affecting the industry. Any significant adverse changes in these factors could result in a substantial impairment of our biological assets, necessitating the recognition of impairment losses that could materially and adversely affect our financial performance and operating results.

The fair value of our biological assets is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

During the Track Record Period, the fair value of our biological assets at the end of each reporting period was valued by Asia-Pacific Consulting and Appraisal Limited, an independent valuer. The fair value of the biological assets could be affected by the estimated local market price of raw milk, the estimated feed costs, the estimated average daily milk yield and other assumptions. These assumptions may be more favorable than the actual historical rates and we can not guarantee that the fair value of our biological assets will not decrease in the future. For details on the valuation and the application of various assumptions, see "Financial Information — Biological Assets and Valuation."

Our failure to adequately manage our inventories may lead to inventory obsolescence or other inventory risks.

Maintaining optimal inventory levels is essential to our business success. As of December 31, 2023, 2024 and 2025 and as of June 30, 2026, we had inventories of RMB3,325.4 million, RMB3,270.3 million, RMB2,696.3 million and RMB1,584.4 million, respectively. Our inventories primarily consist of (i) raw materials; (ii) finished goods; (iii) turnover materials; (iv) packaging materials; (v) properties under development; and (vi) properties for sale. In 2023, 2024 and 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. For further information, see "Financial Information — Discussion of Selected Items from Our Consolidated Balance Sheet — Inventories". Inventory management involves uncertainty and it may be difficult to accurately forecast demand and determine appropriate levels of inventory we maintain. In the case of overestimation of consumer demand, we may be subject to overstock, resale of the inventories at less favorable terms, impairment losses or even write-offs of inventories. In the

case of underestimation of consumer demand, we may not be able to maximize our revenue. In addition, if we are required to lower sale prices in order to reduce inventory level, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business, financial conditions, results of operations and prospects.

We may not be able to sustain our historical growth rates or maintain our gross profit margins, and our historical performance may not be indicative of our future growth, profitability or financial results.

During the Track Record Period, we achieved steady business 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. Our revenue increased from RMB9,951.2 million for the six months ended June 30, 2025 to RMB10,608.7 million for the six months ended June 30, 2026. However, there is no assurance that we will be able to maintain our historical growth in the future.

Our ability to continue to achieve a high rate of growth will depend on various factors and our revenue growth may slow down, or our revenues may decline for a number of reasons beyond our control, including decreasing dairy consumption, increasing competition, changing consumer preferences, slowing growth of China's dairy industry, supply and production bottlenecks, changes in government policies or general economic conditions. If our growth declines, investors' perception of our business and business prospects may be adversely affected and the market price of our Shares would decline.

Our gross profit margin was 34.2%, 34.7%, 31.8%, 33.2% and 32.7% in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively. There is no assurance that we will be able to maintain or further improve our gross profit margins in the future, which may be affected by changes in market trends, evolving consumer preferences and intensifying industry competition. Any inability to maintain or improve our gross profit margins could materially and adversely affect our business, financial conditions and results of operations.

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

Our future growth depends on our ability to expand our production capacity and geographic coverage, and requires managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management systems and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. Specifically, expanding our production facilities requires investment and construction lead time. We will need to procure additional raw materials, construct manufacturing, production, warehousing and transportation infrastructure, and increase distribution and marketing channels to support our expansion plan. We incur and expect to incur additional costs in relation to our expansion and expect that there will continue to be a time lag before we are able to generate revenue from new production facilities. Due to the fixed costs associated with new production facilities, this time lag affects, and we expect will continue to affect, our results of operation, financial conditions, net current liabilities position and cash flows.

In addition, as we expand our business into new regions, we may encounter regulatory, personnel, technique and other difficulties that may increase our expenses or may be unable to find suitable locations for our production facilities, which could delay our expansion plans or impair our ability to become profitable in these regions. In particular, overseas markets, including Southeast Asia where we intend to expand, may present additional challenges, including different competitive landscapes, regulatory and compliance requirements, consumer preferences and discretionary spending patterns compared to China. To build brand awareness in overseas markets, we may also need to make greater investments in advertising and promotional activities than originally planned or than required in China, which could negatively impact the profitability of our operations in those overseas markets.

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

We have, to date, financed our working capital and capital expenditure needs primarily by managing our operating cash inflow and bank loans from local banks. Our total bank loans as of December 31, 2023, 2024 and 2025 and June 30, 2026 were RMB9,802.3 million, RMB9,633.0 million, RMB10,242.4 million and RMB10,509.1 million, respectively. See the section headed "Financial Information — Discussion of Selected Items from Our Consolidated Balance Sheet" for more information.

We may, in the future, require additional cash resources as we continue to expand our business operations and production facilities and implement other growth strategies. We cannot assure you that we will not experience working capital deficiencies or net cash outflows in the future. If our own financial resources are insufficient to satisfy our working capital requirements, we may seek to obtain additional credit facilities or sell additional private or public equity or debt securities.

We are subject to credit risk in collecting the accounts receivable due from customers.

During the Track Record Period, our accounts receivable remained relatively stable at RMB978.8 million, RMB869.0 million, RMB992.6 million and RMB981.1 million as of December 31, 2023, 2024 and 2025, and June 30, 2026, respectively, and the accounts receivable average turnover days were 18 days, 18 days, 17 days and 18 days for the same periods, respectively. We believe that a long credit period inevitably increases the potential credit risk. There is no assurance that all such amounts due to us will be settled on time. Accordingly, we face credit risk in collecting the trade and bill receivable due from the customers. In the event that settlements from customers are not made in a timely manner, or at all, we may be subject to uncollectible accounts receivable and credit risk, which could materially and adversely affect our business, financial conditions and results of operations.

We are subject to risks relating to our acquisitions and other strategic transactions.

We have historically made equity investments in certain companies and may continue to make equity investments or pursue acquisitions and other strategic transactions from time to time. These equity investments are subject to valuation changes and market volatility, and the fair value of such investments may fluctuate significantly due to factors beyond our control, including changes in the financial conditions or operating performance of the investee companies, macroeconomic conditions, market interest rates, valuation methodologies, investor sentiment and regulatory developments. Under applicable accounting standards, fluctuations in the fair value of certain equity investments are recognized in our profit or loss, which may in turn cause material volatility in our financial performance and operating results for the relevant years, irrespective of whether we have realized any economic gain or loss from such investments.

In addition, equity investments, acquisitions and other strategic transactions involve a number of other risks. We may not be able to exercise significant control or influence over the operations or management of investee companies. The business strategies, financial conditions or governance practices of such companies may change or underperform expectations. Investee companies may also encounter operational, financing, compliance or liquidity challenges which could materially and adversely affect our financial performance and operating results. There is no assurance that we will be able to divest such investments on commercially acceptable terms, or at all. Moreover, we may also face uncertainties in valuation, challenges in integrating acquired businesses and brands, and may not be able to realize the anticipated benefits, synergies, cost savings or efficiencies. If any of the foregoing occurs, we may be required to recognize fair value reductions in respect of our equity investments. This could adversely affect our profit or loss, financial position and key financial ratios, and may also reduce the capital resources available to support our core business operation.

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

We have historically benefited from and expect to continue to benefit from government policies that favor China's dairy industry in the forms of preferential tax treatment and government subsidies. For example, certain our subsidiaries are exempt from corporate income tax on income derived from livestock and poultry farming and from agricultural product processing projects. Some

of our subsidiaries that are engaged in agricultural and pastoral activities are also exempt from value-added tax and surcharges on the sale of self-produced agricultural products, feed production, and the circulation of fresh meat and egg products. Some of our subsidiaries are also eligible for preferential tax policies under the Western Development Program or qualify as small and micro enterprises, thereby enjoying corporate income tax preferential policies. In 2023, 2024 and 2025 and for the six months ended June 30, 2025 and 2026, our government grants amounted to RMB170.4 million, RMB197.1 million, RMB160.9 million, RMB76.7 million and RMB29.0 million, respectively, and our benefits from preferential tax treatments amounted to RMB58.9 million, RMB130.1 million, RMB166.4 million, RMB78.9 million and RMB85.9 million, respectively. We cannot assure you that we will continue receiving such preferential tax treatments or other forms of government support in the future, and if these government policies change, our results of operations could be adversely affected.

Failure to effectively invest in and manage research and development could materially and adversely impact our competitiveness, performance and prospects for future growth.

Our success depends to a large extent on our ability to allocate sufficient resources to research and development and to translate such efforts into commercially viable dairy products at favorable profit margins. We devote significant efforts to improving product formulations, production processes and packaging technologies that we believe would enhance product quality and efficiency. See "Business — Research and Development." 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. However, the process of product research, development and commercialization is complex and uncertain. The success of research and development initiatives is subject to many factors not entirely within our control, including technical feasibility, production scalability, cost efficiency and regulatory compliance. If our research and development projects fail to achieve commercially sustainable results, we may be unable to generate the desired revenue and profit return, or even recoup initial investments. In addition, expansion of new product categories or entry into new markets requires substantial research and development support and carries risks relating to market conditions, competition landscape, regulatory environment, supply chain and customer demand. There can be no assurance that our research and development efforts will consistently result in successful product launches or sustainable profitability.

Our failure to protect our intellectual property rights may undermine our competitive position, and legal action to protect our intellectual property rights may be costly and divert our managerial resources.

We rely primarily on trademark, trade secret protection, patent, copyright law and other contractual restrictions to protect our intellectual property. These afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could have a material adverse effect on our business, financial conditions or operating results. Preventing unauthorized use of proprietary technology or infringement of intellectual property rights can be difficult and expensive. In addition, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. During the Track Record Period, we were involved 13 intellectual property lawsuits and the associated costs amounted to approximately RMB1.7 million. There is no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. Such litigation may be costly and may divert management's attention as well as expend other resources, which could otherwise have been devoted to our business. An adverse determination in any such litigation will impair our intellectual property rights and may impact our business, prospects and reputation. The occurrence of any of the foregoing may have an adverse effect on our business, results of operations and financial conditions.

We may be subject to claims by third parties for intellectual property infringement.

Our competitors and other third parties may, whether rightly or falsely, bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights. The intellectual property laws in China, which cover the validity, enforceability and scope of protection of intellectual property rights, are evolving, and litigation is becoming a more popular means to resolve commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to a higher litigation risk. During the Track Record Period, we were subject

to certain immaterial legal disputes against our trademarks. For instance, in November 2024, legal proceedings were commenced against us and other defendants in relation to an alleged infringement of the trademark "Junlebao Lechun" (君樂寶樂純), with the plaintiff claiming damages of RMB20 million. In December 2025, the Changsha Intermediate People's Court ordered the defendants to cease the infringement and pay compensation of RMB0.2 million, which judgment was upheld by the Hunan High People's Court in April 2026. The judgment is final and conclusive, subject only to retrial proceedings under applicable PRC laws. We satisfied the judgment in May 2026 and no further appeal of other recourse remains available. The trademark is primarily used in connection with our infant formula products and we ceased to use the trademark in formula production in May 2024. Our Directors believe that this litigation and the cessation of use of the trademark do not have a material adverse effect on our business, results of operations or financial condition because (i) the financial impact of the litigation was insignificant, with the final compensation awarded amounting to only RMB0.2 million; (ii) revenue generated from products under the trademark "Junlebao Lechun" (君樂寶樂純) during the Track Record Period was immaterial, representing less than 1% of our total revenue in 2023, 2024 and 2025 and we did not generate any revenue from such products for the six months ended June 30, 2026; and (iii) the decrease in revenue generated from infant formula from 2024 to 2025 was primarily attributable to our strategic adjustment of sales channels, driven by industry-wide and macroeconomic factors, including the decline in birth rates and subdued consumer demand for infant formula, and was not attributable to the litigation. Any intellectual property lawsuits against us, whether successful or not, may damage our brand and reputation. Defending intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases. Successful infringement or licensing claims made against us may result in significant monetary liabilities, impact the sale of related inventory, and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

The potential unsuccessful execution of our investment, maintenance or upgrades related to production equipment, facilities, technologies and other operational aspects, as well as the possible inadequacy of our production capacity, may adversely affect our business growth.

We continuously maintain and upgrade our current production equipment and facilities to ensure smooth operations. As of June 30, 2026, we operated 20 dairy production facilities across China. See "Business — Production — Our Dairy Production Facilities" for details. As our business continues to grow, we also expand production capacity by expanding existing facilities and constructing new production bases to support our growth. See "Business — Production — Production Capacity Expansion Plan" for details.

However, a number of factors could delay our expansion plan or increase our costs, our expansion plans may be delayed or incur higher costs due to factors such as insufficient funding, delays in obtaining regulatory approvals, challenges in securing suitable locations, shortages or rising costs of construction materials and equipment, and adjustments driven by technological, market or capacity changes. We may also face production capacity constraints if actual demand exceeds our forecasts, particularly during periods of rapid market growth or unexpected demand surges, and any failure to expand capacity in a timely manner or maintain efficient utilization could adversely affect our operations and financial performance. In addition, disruptions beyond our control, including natural disasters, supply shortages, labor issues, regulatory actions or geopolitical events, may impair our ability to manufacture and deliver products. At the same time, weaker market demand may limit our ability to recover investments in expanded capacity, and there is no assurance that such investments will be completed as planned, generate expected returns or remain effective amid evolving technologies and industry standards, any of which could materially and adversely affect our business, financial condition and results of operations.

Investments, maintenance and upgrades of our dairy farms may not be successful and could adversely affect our business growth.

Our dairy farms are an essential part of our operations, ensuring stable supply, strong quality control and sustainable development. As of June 30, 2026, we operated 33 dairy farms in China. As our business continues to grow, we may further increase our production capacity and facilitate our expansion plan through the construction of new large-scale dairy farms. See "Business — Dairy

Farming and Production" for details. However, expansion or upgrades may be delayed or become more costly due to funding constraints, regulatory approvals, site selection difficulties, or shortages of dairy cows, feed, and equipment. Further, dairy farm operations require significant allocation of human and other resources. Despite our efforts, such investments, maintenance, and upgrades may not be successful or generate positive cash flows or returns within a short period. Additionally, these investments may become obsolete due to changes in technology, industry standards, or farming practices, further impacting their effectiveness. Any of these factors could materially and adversely affect our business, financial conditions, operational results, and future prospects.

Negative publicity concerning us and our business, our current or former Shareholders, affiliates, Directors, senior management, distributors, suppliers and business partners, regardless of its accuracy, may have a material adverse effect on our reputation, business and the [REDACTED] price of our Shares.

Negative publicity concerning us, our current or former Shareholders, affiliates, Directors, senior management, distributors, suppliers, business partners and any other aspects of our business operations may arise from time to time, which may harm our brand and adversely affect public perception of our corporate image and product quality. Allegations, directly or indirectly against us, may be posted on blogs, websites and online social platforms by anyone, on an anonymous basis. We may be required to spend significant time and incur substantial costs in response to such allegations or other detrimental conducts, and there is no assurance that we will be able to fully and conclusively refute each of them within a reasonable period of time, or at all. Our reputation may be harmed as a result of the public dissemination of malicious allegations about our personnel, business, operations, accounting, prospects or business ethics, which in turn could materially and adversely affect our business and the trading price of our Shares.

We are subject to various risks relating to Third-Party Payment Arrangements.

During the Track Record Period, certain of our customers settled payments with us through accounts that do not belong to the contracting parties under the corresponding agreements (the "Third-Party Payment Arrangements"). For the years ended December 31, 2023, 2024 and 2025, and 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. See "Business — Our Customers — Third-Party Payment."

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

We may have limited control over third-party contractors or service providers.

We engage third-party contractors in our business operations, primarily for the design and construction of our production facilities and dairy farms. We require third-party contractors to carry out their work in accordance with the specifications and schedules of the relevant assignments as well as our quality, safety and environmental standards. We supervise and monitor the work of such third-party contractors. However, we cannot assure you that these third-party contractors will work in accordance with or meet our requirements at all times. Any failure by these third-party contractors to meet our requirements may result in sub-standard quality constructions and potential non-compliance with relevant government rules and regulations. Furthermore, in the event of any breach of contract by such contractors or if we fail to retain or replace third-party contractors on commercially viable terms, our business, results of operations and financial conditions could be materially and adversely affected.

We also engage third-party logistics service providers to deliver our products to our customers. Timely delivery and proper transportation of our products are crucial to our business. Due to their perishable nature, our products could be damaged if they are not delivered to our customers in a timely manner and under controlled environment and temperatures. Our logistics service providers may not be able to deliver our products to customers on time and in good condition due to bad weather, technical problem or unforeseen factors, which could affect our sales volume and business operations. Additionally, such delay or failure could also have an adverse impact on our business relationships with these customers and, as a result, our business, results of operations and financial conditions could be materially and adversely affected. In 2025, we engaged a total of approximately 2,451 third-party service providers, among which primarily 1,080 were for sales and marketing, 883 were for consulting and other professional services, 251 were for logistics and warehousing, 214 were for human resources and 23 were for contract manufacturing. Any failure by such third-party service providers could have an adverse impact on our operations and financial conditions.

We recorded net current liabilities.

The expansion of our businesses has been capital intensive. We recorded net current liabilities of RMB4,561.5 million, RMB5,276.2 million, RMB3,991.8 million and RMB3,658.6 million, as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, primarily reflecting the expenditures incurred in relation to construction of production facilities, purchase of equipment, rearing biological assets and construction of dairy farms. During the Track Record Period, we funded our liquidity and capital requirements primarily through bank borrowings and cash generated from our operating activities. For more details on our net current liabilities, please see the section headed "Financial Information — Net Current Liabilities" in this Document.

Our future liquidity will primarily depend on our ability to maintain adequate cash inflows from our operating activities and secure adequate external financing. Our ability to generate adequate cash inflows from operating activities may be affected by decreasing sales, downward movements in the prices of our products or upward movements for our raw materials. In addition, we may not be able to renew or refinance our existing bank borrowings or secure additional external financing. The occurrence of any of the foregoing may result in insufficient cash flows to fund our operating costs and, in that event, our business, financial conditions and results of operations could be materially and adversely affected.

We have incurred, and may in the future incur, impairment loss on non-current assets. Significant impairment of our non-current assets could materially impact our financial position and results of our operations.

We have made significant investments in non-current assets. We review long-term equity investments, fixed assets, right-of-use assets, productive biological assets measured at cost, construction in progress and intangible assets with finite useful lives at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least at the end of each year, irrespective of whether there is any indication that the assets may be impaired. Recoverable amount is estimated on an individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the current period. The application of non-current asset impairment test requires significant management judgment. If our estimates and judgments are inaccurate, the recoverable amount determined could be inaccurate and the impairment recognized may not be adequate, and we may need to record additional impairments in the future. Any significant impairment losses charged against our non-current assets could materially adversely affect our results of operations.

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

We depend on certain key qualified personnel, key senior management and other employees in our business. For further information, see the section headed "Directors and Senior Management" in this Document. The expertise, industry experience and contributions of our senior management are crucial to our success. There can be no assurance that such persons will continue to provide

services to us or will honor the agreed upon terms and conditions of their employment contracts. Any loss of key personnel or failure to recruit and retain key personnel for our future operations and development may have a material adverse effect on our business, results of operations and financial conditions.

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

In line with industry norms, we maintain insurance coverage for our main production facilities, equipment, inventories and biological assets. However, these insurance policies have limits on the total amount of indemnification and do not cover all potential losses. As a result, we may be required to use our own resources to cover financial and other losses, damages and liabilities, including those caused by fire, bad weather, disease, civil strife, strikes, natural disasters, terrorist incidents, industrial accidents or other causes. Also, we do not maintain any third-party product liability insurance or occupier's liability insurance. As a result, any product liability claims may subject us to liabilities to compensate the claimants if we are held liable. Losses incurred or payments that we may be required to make may have a material adverse effect on our business, results of operations and financial conditions, to the extent that such losses or payments are not insured or the insured amount is not adequate.

With respect to the dairy cows raised at our dairy farms, our insurance policies generally cover, among other things, death caused by certain diseases, accidents or natural disasters, and losses incurred as a result of government orders of mass slaughters of farm animals in the relevant region. In addition, we may also be entitled to government compensation under applicable PRC laws. For further information, please see "Business — Insurance" in this Document. However, there can be no assurance that the current insurance coverage and government compensation, the amount of which will be determined by the PRC government, would be sufficient to cover all of our potential losses. Furthermore, even if we do receive sufficient compensation for replacing the lost cows, there is no assurance that any replacement cows would be of the same quality as the lost ones.

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

Labor costs in China have been increasing and may continue to increase in the future. We cannot assure you that our cost of labor will not continue to increase. Any such increase could cause our production costs to increase and we may not be able to pass such increase to our customers due to competitive pricing pressures. Moreover, there can be no assurance that we will not experience any shortage of labor for our production facilities, including our dairy farms and feed production facilities. Any such shortage could hinder our ability to maintain or expand our business operations. In such circumstances, our business, financial conditions and results of operations may be materially and adversely affected. Further, our ability to successfully operate our business is dependent on our ability to maintain a stable workforce at our production facilities and dairy farms. There were no labor disputes that materially and adversely affected our business during the Track Record Period. However, we cannot assure you that we will not be involved in any labor disputes in the future. If our operations are disrupted for any period of time as a result of labor disputes, our production volume could be reduced, which could materially and adversely affect our results of operations and hinder our growth.

We may be exposed to the risk of product infringement.

We cannot assure you that there will be no counterfeit or forgery of our products, trademarks or brands in the market. Counterfeiters may illegally manufacture and market dairy products under our brand. Such counterfeit or forged products are usually difficult to detect or ban in a timely manner. The occurrence of such incidents may have an impact on our reputation and brands. Our reputation and brands are crucial to our profitability and competitiveness, any damage to our reputation or brands resulting from product infringement may adversely affect our profitability and competitiveness.

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

From time to time, we may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes, antitrust, and infringement of

intellectual property rights. If we fail in defending against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, lawsuits, claims, disputes, regulatory investigations or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such lawsuits, claims, disputes, regulatory investigations or legal proceedings.

Inability to fulfill the obligation of contract liabilities may affect our liquidity position.

Contract liabilities arise when payment is received before we transfer a good or service to the customer. We are diligent at meeting the demand of our customers. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded contract liabilities of RMB1,963.2 million, RMB1,928.4 million, RMB1,176.0 million and RMB1,049.0 million, respectively, which mainly represent receipts in advance on sales of goods and other receipts in advance. See "Financial Information — Discussion of Selected Items from Our Consolidated Balance Sheet — Contract Liabilities" for details. Due to any reasons beyond our control, we may not be able to satisfy our performance obligations. If we are required to refund the prepayments to our customers as a result of our failure to fulfill the obligation of contract liabilities, our financial results and liquidity position may be adversely affected.

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

We believe the value of environmental protection as well as the health and safety of our employees is fundamental and enabling elements of our growth. Our ESG related expenses primarily consisted of operating and maintenance costs for pollution control facilities, expenditures for upgrading environmental protection equipment and other related environmental management expenses. In 2023, 2024 and 2025 and for the six months ended June 30, 2026, our ESG related expenses amounted to RMB96.2 million, RMB112.1 million, RMB76.0 million and RMB53.9 million, respectively. We are committed to fostering enduring and positive impact on the ESG aspects for our customers, suppliers, and the communities influenced by our operations and operating our business in a lawful, ethical and responsible way. We plan to provide training to our Directors, senior management, and other key employees on the identification and mitigation of ESG risks. We may incur extra costs to improve the awareness of ESG risks among our employees and contractors. See "Business — Environment, Social and Governance."

We are subject to risks associated with animal welfare.

As a dairy company, we are subject to scrutiny regarding animal welfare practices, which may expose us to reputational and legal risks. Animal activists and other third-party groups may make claims and/or bring lawsuits against us for our treatment measures, and there are no assurances as to the outcome of future claims and lawsuits that could be brought against us. In addition, the associated negative publicity could adversely affect our reputation and operating results.

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

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

During the Track Record Period, we did not fully contribute to certain social insurance and housing provident funds on behalf of some of our employees After interviews with relevant competent governmental authorities of our Company and principle 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 and 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, 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. Based on the advice of our PRC Legal Advisor, the maximum potential penalty that may be imposed by the relevant authorities in relation to such shortfall would be RMB100.7 million. In addition, during the Track Record Period, we engaged third-party service providers to make contributions for social insurance and housing provident funds for certain employees. We have rectified 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. For further information, see "Business — Employees". We cannot assure you that the competent government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. If we are subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial conditions and results of operations may be adversely affected.

Labor dispatch may subject us to penalties.

During the Track Record Period, we and our subsidiaries engaged dispatched workers through labor dispatch arrangements for temporary, auxiliary or substitute positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the "Interim Provisions"), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). Pursuant to relevant PRC laws and regulations, if an employer violates regulations related to labor dispatch, the labor administration department will order it to make corrections within a specified period. Failure to make corrections within the given period may lead to a fine ranging from RMB5,000 to RMB10,000 per person. As of the Latest Practicable Date, we no longer had any labor dispatch arrangements. We cannot assure you that the relevant PRC authorities will not take actions retrospectively against us for our past practice, which may adversely affect our business, results of operations and reputation. See "Business — Employees — Labor Dispatch and Labor Outsourcing."

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

As of the Latest Practicable Date, some of our owned properties are subject to certain lack of ownership certificate and delay in construction commencement. For details, please see "Business — Properties — Owned Properties" in this Document. We had not been granted building ownership certificates for certain of our owned properties due to historical reasons or other reasons. We had not been granted real estate ownership certificate for certain of our owned properties due to the policy on the division of property rights for "government-enterprise jointly constructed" public rental housing has not yet been clarified. Pursuant to the relevant PRC regulations, failure in obtaining such certificates could result in potential penalties and demolitions. Furthermore, we had not commenced construction on certain of our owned land parcel 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 Latest Practicable Date, some of our leased properties are subject to certain title defects, lack of registration and incompletion of filing procedures. For details, please refer to the paragraph headed "Business — Properties — Leased Properties" in this Document. We had not completed the facility agricultural land filing procedures for certain of our leased state-owned agricultural land. Pursuant to the relevant PRC regulations, failure to complete such filing procedure could result in potential penalties and demolitions. We leased certain properties 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 and 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. Furthermore, we have not registered certain lease agreements with the relevant PRC government authorities. Although lack of registration of lease agreements will not affect the validity of such lease agreements, 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.

We cannot assure you that suitable alternative properties will be readily available to us on commercially reasonable terms, or at all, and if we are unable to secure such alternatives in a timely manner, or if our rights in respect of our owned properties cannot be effectively enforced, our business operations may be materially and adversely affected.

Changes in international trade policies, geopolitics and trade protection measures, export controls and economic or trade sanctions may affect our business, financial conditions and results of operations.

Our business operations and financial performance can be influenced by various factors related to international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. For instance, although we procure forage from domestic suppliers, such suppliers may need to source forage from overseas. Therefore, our business operation is indirectly exposed to international trade policies. These factors are subject to frequent changes and uncertainties, often driven by political, economic, and social dynamics beyond our control. Such changes can have an impact on trade agreements, tariffs, customs duties, and other aspects of international trade, potentially resulting in increased operational costs, including the costs for raw materials sourced from countries and regions other than Chinese Mainland, and affecting our market access. Additionally, alterations in trade protection measures, such as the imposition of anti-dumping duties, countervailing duties, or safeguard measures, may lead to higher costs or restrictions on our exports. Moreover, export controls and economic or trade sanctions can impose limitations on our ability to export products or conduct business in specific markets. Non-compliance with these controls and sanctions can result in legal penalties, reputational harm, and the loss of export privileges.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

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

We are subject to the currency exchange regulatory system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. We receive the vast majority of our revenue in RMB. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. There is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

You should assess the legal protections you are entitled to under the legal system in the jurisdictions where we operate.

We are subject to the different applicable laws and regulations of the countries and regions where we operate. Our business and operations in China are subject to primarily written statutes, and prior court decisions offer limited precedential value. Furthermore, we cannot assure you that we can predict the effect of future legal developments in countries and regions where we operate, including the promulgation of new laws and changes in existing laws. In addition, legal proceedings may incur significant costs, divert our resources, and negatively affect our management's focus on strategic planning and execution, which may materially and adversely impact our operational efficiency and overall business performance.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon us or most of our Directors and senior management outside the PRC. In addition, investors may also experience difficulties in enforcing judgments if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions. Further, although we will be subject to the Listing Rules and the Takeovers Code upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Policies on foreign investment in the PRC may adversely affect our business and results of operations.

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Administrative Measures for Foreign Investment Access (Negative List) (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the "Negative List") issued by the NDRC and MOFCOM, which set out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China did not fall within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

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

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H Shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H Shares by non-PRC individuals are subject to PRC individual income tax.

For non-PRC enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of our H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企 業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your investment in our H Shares.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and their liquidity and market price may be volatile.

Prior to the [**REDACTED**], there has been no public market for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between us and the Overall Coordinators (for themselves and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market price of our H Shares following the [**REDACTED**]. We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, the H Shares. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price of our H Shares will not decline following the [**REDACTED**]. Furthermore, the price and [**REDACTED**] volume of our H Shares may be volatile. The following factors, among others, may cause the market price of our H Shares after the [**REDACTED**] to vary significantly from the [**REDACTED**]: (i) variations in our revenue, earnings and cash flow; (ii) unexpected business interruptions resulting from natural disasters or power shortages; (iii) major changes in our key personnel or senior management; (iv) failure to execute our business strategies; (v) our inability to obtain or maintain regulatory approval for our

operations; (vi) our inability to compete effectively in the market; (vii) political, economic, financial and social developments in China and Hong Kong (China) and in the global economy; (viii) fluctuations in stock market prices and volume; (ix) changes in analysts' estimates of our financial performance; and (x) involvement in material litigation.

Moreover, shares of other companies listed on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, investors in our H Shares may suffer substantial losses.

Substantial future sales or the expectation of substantial sales of our H Shares in the [REDACTED] market and conversion of our Unlisted Shares into H Shares could cause the price of our H Shares to decline and could materially impair our future ability to raise capital through [REDACTED] of our H Shares.

Although our Controlling Shareholders are subject to restrictions on their sales of Shares within 12 months from the [**REDACTED**], future sales of a significant number of our H Shares by our Controlling Shareholders in the [**REDACTED**] market after the [**REDACTED**], or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the market price of the Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

We are currently applying for part of the Company's Unlisted Shares to be converted into H Shares after the completion of the [**REDACTED**]. According to the PRC Company Law, the Unlisted Shares issued by the Company prior to the [**REDACTED**] are restricted from trading within one year from the [**REDACTED**]. Such restriction from trading will limit the number of H Shares to be circulated on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period. If our application for the circulation of our relevant Unlisted Shares on the Hong Kong Stock Exchange after the completion of the [**REDACTED**] is successful, any future sales (after the expiration of the restrictions set out above) of Unlisted Shares by relevant Shareholders in the public market may affect the market price of our H Shares. Moreover, if we convert a substantial amount of Unlisted Shares into H Shares to be [**REDACTED**] and [**REDACTED**] in the future on the Hong Kong Stock Exchange, it may further increase the supply of the H Shares in the market, which may adversely affect the market price of the H Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [**REDACTED**] from the [**REDACTED**], we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including: investors' perception of, and demand for, securities of dairy products producers; conditions in Hong Kong (China) and other capital markets in which we may seek to raise funds; our future results of operations, financial conditions and cash flows; the applicable governmental regulation of foreign investment in dairy sectors; economic, political and other conditions in China; and the applicable governmental policies relating to foreign currency borrowings. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell debt or additional equity securities or reduce our growth to a level that can be supported by our cash flow, or defer planned expenditures.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if we issue additional Shares in the future to raise additional capital.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, our Controlling Shareholders will be entitled to exercise approximately [**REDACTED**]% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholder may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

We cannot assure you whether and when we will declare and pay dividends in the future.

Dividends may be paid out of distributable profits under our Articles of Association. In 2023, 2024, 2025, and for the six months ended June 30, 2026, we declared dividends of RMB530.0 million, RMB362.5 million, RMB1,800.0 million and nil, respectively, to our Shareholders. Distributable profits mean our net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less statutory reserve fund appropriations to general risk reserve, transaction risk reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our Shareholders, even if our financial statements prepared in accordance with CASBE indicate that our operations have been profitable. Furthermore, future determination of dividends will also depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, capital adequacy ratio, operation and capital expenditure requirement and other factors that our Board consider relevant. We cannot assure you that the factors we take into consideration will not change in the future.

Certain facts, forecast and statistics contained in this Document are derived from publicly available sources from official government publications and they may not be reliable.

Certain facts, forecast and statistics contained in this Document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official

government publications for the purpose of disclosure in this Document. However, the information from the official government sources has not been prepared or independently verified by us, the Joint Sponsors, the Overall Coordinators, [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this Document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [**REDACTED**] should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

[**REDACTED**] **should read the entire Document carefully and should not consider any particular statements in this Document or in published media reports without carefully considering the risks and other information contained in this Document.**

Prior to the publication of this Document, there has been coverage in the media regarding us, the [**REDACTED**] or our Controlling Shareholders, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this Document. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this Document only and should not rely on any other information.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Ms. Wu Wennan and Ms. Ho Sze Wah Cecilia ("**Ms. Ho**") (the "**Authorized Representatives**"). Ms. Ho is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (a) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (b) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (c) each Director has provided his/her mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(iii) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;

(iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;

(v) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as our Compliance Advisor upon [**REDACTED**] for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange;

(vi) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Advisor, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor; and

(vii) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual: (i) length of employment with the issuer and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Wang Xiaoyue ("**Mr. Wang**") and Ms. Ho as our joint company secretaries. See "Directors and Senior Management — Joint Company Secretaries" for their biographical detail.

The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have a person such as Mr. Wang as its joint company secretary, who serves as the Board secretary of our Company and has day-to-day knowledge of the Company's affairs. Mr. Wang has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. Mr. Wang has over 20 years of experience in corporate governance, investor relationship and capital market operations, and had

served as deputy director of the board office at New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000876.sz) and as board secretary at Shenzhen Alpha Feed Co., Ltd. (深圳市澳華集團股份有限公司). However, Mr. Wang presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Ho, who is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Mr. Wang for an initial period of three years from the [**REDACTED**] to enable Mr. Wang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Wang may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Ms. Ho, as a joint company secretary of our Company, will work closely with Mr. Wang to jointly discharge the duties and responsibilities as company secretaries and assist Mr. Wang in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Ho will also assist Mr. Wang in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Ho is expected to work closely with Mr. Wang and will maintain regular contact with Mr. Wang, the Directors and the senior management of our Company. In addition, Mr. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Mr. Wang will also be assisted by (a) the Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Ho ceases to provide assistance to Mr. Wang as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Mr. Wang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We must demonstrate and seek the Stock Exchange's confirmation that, Mr. Wang, having benefited from the assistance of Ms. Ho for the preceding three years, has acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which would constitute partially exempt and non-exempt continuing connected transactions under Chapter 14A of the Listing Rules after the [**REDACTED**]. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in "Connected Transactions" in this Document.

WAIVER IN RELATION TO PARTICULARS OF ANY ALTERATIONS IN THE CAPITAL OF MEMBERS OF OUR GROUP

Paragraph 26 of Appendix D1A to the Listing Rules requires this Document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this Document.

As of the date of this Document, we have over 80 wholly-owned or non-wholly owned subsidiaries. It would be unduly burdensome for us to disclose the required information in respect of each of our subsidiaries, as we would have to incur additional costs and devote significant resources to compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to the [**REDACTED**] save for the Major Subsidiaries as referred to below.

We have identified 12 subsidiaries (the "**Major Subsidiaries**") that we consider to be material to our operations and/or to have contributed significantly to our financial performance during the Track Record Period. By way of illustration, the Company and those Major Subsidiaries have, in aggregate, accounted for (i) approximately 70.7%, 68.9%, 69.4% and 66.4% (without intercompany eliminations) of our revenue for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively; (ii) approximately 86.7%, 74.2%, 80.8% and 50.9% (without intercompany eliminations) of profit before income tax for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively; (iii) approximately 87.6%, 73.1%, 81.5% and 47.1% (without intercompany eliminations) of net profit for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively; (iv) approximately 61.3%, 61.2%, 64.2% and 66.2% (without intercompany eliminations) of our total assets as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, and (v) approximately 54.0%, 54.3%, 55.2% and 59.5% (without intercompany eliminations) of our net assets as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Additionally, certain Major Subsidiaries hold assets, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group's business and operations. Major Subsidiaries collectively covered all business segments of the Group.

None of the other subsidiaries of the Company that are not Major Subsidiaries individually contributed to 5% or more of our total revenue, profit before income tax and net profit for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, or total assets and net assets as of December 31, 2023, 2024 and 2025 and June 30, 2026, or is individually material to us in terms of its contribution to our Company's total revenues or total assets or holds any major assets, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group's business and operations. Accordingly, the remaining subsidiaries which are not Major Subsidiaries are relatively insignificant to the overall results of our Group, and the non-disclosure of information about them would not prejudice the interests of our Shareholders and potential [**REDACTED**]. Rather, the disclosure of the required information under the Listing Rules in respect of our Company and the Major Subsidiaries already provides sufficient information that is reasonably necessary for potential [**REDACTED**] to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group, its profits and losses and the rights attaching to the securities for which the [**REDACTED**] is sought, as required under Rule 11.07 of the Listing Rules.

We have disclosed the particulars of the changes in share capital of our Company and the Major Subsidiaries in the sections headed "Statutory and General Information — Further Information about Our Company — Changes in the Share Capital of Our Company" and "Statutory and General Information — Further Information about Our Company — Changes in the Share Capital of Our Subsidiaries", respectively, in Appendix IV to this Document.

We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under paragraphs 26 of Appendix D1A to the Listing Rules in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this Document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wei Lihua (魏立華)	Room 101, Unit 1, Building 1 Junju Yuefu (Southern District) No. 605 Shitong Road Tongye, Luquan, Shijiazhuang, Hebei PRC	Chinese
Ms. Wu Wennan (吳文楠)	Room 501, Unit 1, Building 1 Junju Yuefu (Southern District) No. 605 Shitong Road Tongye, Luquan, Shijiazhuang, Hebei PRC	Chinese
Mr. Liu Senmiao (劉森淼)	Room 501, Unit 1, Building 8 East Area of Xiangyun Guoji Zhonghua South Street Qiaoxi, Shijiazhuang, Hebei PRC	Chinese
Non-Executive Directors		
Mr. Guo Zhenwei (郭振煒)	No. 123, Lane 1897 Longming Road Minhang, Shanghai PRC	Chinese
Ms. Yang Ying (楊穎)	Room 201, Unit 1, 2nd Floor, Building 11, Yard No. 2, Jiangfu South Street Chaoyang, Beijing PRC	Chinese
Mr. Chen Shuo (陳爍)	8-5A, Fuluju Donghai Garden Futian, Shenzhen, Guangdong PRC	Chinese
Independent Non-Executive Directors		
Mr. Yang Wenjun (楊文俊)	A6, Mengniu Yuanyuan Community Helingeer, Hohhot Inner Mongolia Autonomous Region PRC	Chinese
Ms. Wang Ying (王鶯)	Room 1001, No. 3 Lane 307, South Shaanxi Road Shanghai PRC	Chinese
Mr. Lau King Pak (劉勁柏)	Flat A 11/F Tower 1A 12 Muk Tai Street Grande Monaco Kai Tak, Kowloon Hong Kong	Chinese

For further details on our Directors, see the section headed "Directors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors, Sponsor-Overall Coordinators, [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Center 1 Harbor View Street Central Hong Kong **Morgan Stanley Asia Limited** 46/F, International Commerce Center 1 Austin Road West Kowloon Hong Kong
Overall Coordinator, [REDACTED]	**CLSA Limited** 18/F One Pacific Place 88 Queensway Hong Kong
Legal Advisers to our Company	*As to Hong Kong and U.S. laws* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC laws* **Grandall Law Firm (Shanghai)** 25-28/F, Suhe Centre 99 North Shanxi Road Jing'an District Shanghai PRC *As to PRC data compliance matters:* **Grandall Law Firm (Beijing)** 9th Floor, Taikang Financial Building No. 38 East Third Ring North Road Chaoyang District Beijing PRC

Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws* **Slaughter and May** 47/F, Jardine House One Connaught Place Central, Hong Kong *As to PRC laws* **Beijing Jia Yuan Law Offices** F408, Ocean Plaza 158 Fuxing Men Nei Street Xicheng District Beijing PRC
Reporting Accountants and Auditor	**Deloitte Touche Tohmatsu Certified Public Accountants LLP** *Certified Public Accountants and Registered Public Interest Entity Auditor* 30F, Bund Center Tower 222 Yan'an East Road Huangpu District Shanghai PRC
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Independent Biological Asset Valuer	**Asia-Pacific Consulting and Appraisal Limited** Room 1301, 13/F OfficePlus@Sheung Wan No.93-103 Wing Lok Street Sheung Wan Hong Kong
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 68, Shitong Road Shijiazhuang, Hebei PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	***https://www.junlebaoruye.com/*** (*information contained on this website does not form part of this Document*)
Joint Company Secretaries	**Mr. Wang Xiaoyue (王曉悅)** No. 68, Shitong Road Shijiazhuang, Hebei PRC **Ms. Ho Sze Wah Cecilia (何詩華)** *ACG HKACG* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Ms. Wu Wennan (吳文楠)** Room 501, Unit 1, Building 1 Junju Yuefu (Southern District) No. 605 Shitong Road Tongye, Luquan, Shijiazhuang, Hebei PRC **Ms. Ho Sze Wah Cecilia (何詩華)** 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Audit Committee	Ms. Wang Ying (王鶯) *(Chairperson)* Mr. Yang Wenjun (楊文俊) Mr. Lau King Pak (劉勁柏)
Nomination Committee	Mr. Yang Wenjun (楊文俊) *(Chairperson)* Mr. Wei Lihua (魏立華) Ms. Wang Ying (王鶯)
Remuneration and Appraisal Committee	Mr. Lau King Pak (劉勁柏) *(Chairperson)* Mr. Wei Lihua (魏立華) Mr. Yang Wenjun (楊文俊)
Strategy Committee	Mr. Wei Lihua (魏立華) *(Chairperson)* Ms. Wu Wennan (吳文楠) Mr. Guo Zhenwei (郭振煒)

[**REDACTED**]

Principal Banks

China Merchants Bank Co., Ltd.
Shijiazhuang Zhaiying South Street Branch
Room 111-117, Building 3,
Mingdu Huayuan
No. 70 Zhaiying South Street
Yuhua, Shijiazhuang, Hebei
PRC

China CITIC Bank Corporation Limited
Shijiazhuang Tabei Road Branch
No. 171 Tanan Road
Shijiazhuang, Hebei
PRC

The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The Directors and the Joint Sponsors have exercised reasonable care in selecting and identifying the named information sources, in compiling, extracting and reproducing the information, and in ensuring that no material information has been omitted. The information from official government sources has not been independently verified by any of the Joint Sponsors,* [**REDACTED**]*, any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S DAIRY PRODUCTS MARKET

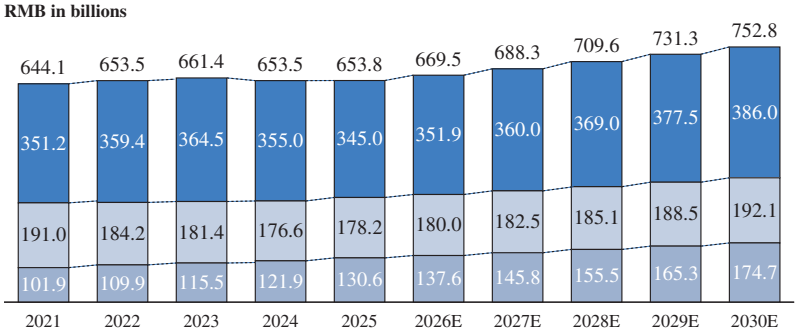
Dairy products are foods made from raw milk through pasteurization, fermentation, spray drying, and other processes. They are consumed at home, in food service, and as ingredients. With rich nutritional value and broadly accepted taste profiles, dairy products represent one of the core dietary staples across the human life cycle.

Compared with developed markets, China's dairy industry commenced at a relatively later stage. However, supported by rapid modernization across the entire value chain and increasingly efficient supply-chain integration, the industry has achieved rapid catch-up development. Despite such progress, China's per-capita dairy consumption remained at 41.0 kilograms in 2025, significantly below developed Asian economies and the recommended annual intake of approximately 146 kilograms, indicating substantial room for further penetration. Supported by rising health awareness, increasing disposable income and purchasing power, continuous product innovation and upgrading, and the emergence of new consumption scenarios, China's dairy market is expected to maintain steady growth.

As shown in the chart below, liquid dairy products were the largest segment of China's dairy market in 2025, while formula products were the second-largest segment. Liquid dairy products can be broadly categorized into low-temperature liquid dairy products, including fresh milk and low-temperature yogurt, and ambient liquid dairy products, including UHT milk and ambient yogurt. Formula products are expected to stabilize and gradually recover, while other dairy products, such as cheese, butter, cream, condensed milk and ice cream, have been among the faster-growing segments, supported by expanding food-service applications and ongoing product innovation.

Market Size of Dairy Products in China, by Categories and by Retail Value, 2021-2030E

CAGR	2021-2025	2026E-2030E
Liquid dairy product	-0.4%	2.3%
Formula	-1.7%	1.6%
Other dairy product	6.4%	6.1%
Total	**0.4%**	**3.0%**



Source: National Bureau of Statistics of China ("NBS"), Ministry of Agriculture and Rural Affairs of the People's Republic of China ("MARA"), China Dairy Association, China National Food Industry Association, listed companies' public filings, Frost & Sullivan analysis

By retail value, the market size of China's dairy products market decreased from RMB661.4 billion in 2023 to RMB653.5 billion in 2024. The decrease was mainly attributable to the decline in liquid dairy products and formula products, which outweighed the continued growth of other dairy products. In 2024, consumer demand for certain traditional dairy categories softened amid more cautious consumer spending and intensified market competition, while channel inventory adjustment and promotional activities also weighed on market value growth. In addition, the formula market remained under pressure from demographic factors and channel restructuring, while the growth of other dairy products, such as cheese, butter, cream, condensed milk and ice cream, was not sufficient to fully offset the decrease in liquid dairy products and formula products.

Competitive Landscape

Influenced by differences in dairy supply models, diversified consumer demand and historical development factors, China's dairy market includes dairy companies with varying business scale, product coverage and geographic reach. Leading players typically operate diversified, cross-category product portfolios covering liquid dairy products, formula and other dairy products, supported by broad supply-chain networks and extensive sales coverage across China. Faced with a wide range of choices, consumers tend to favor leading brands that they trust and perceive as reliable in terms of quality.

Leading nationwide players occupy a dominant position in the market by leveraging their strong brand recognition, distribution capabilities and supply-chain advantages. According to Frost & Sullivan, based on retail value in 2025, the Company ranked as the third largest dairy company in China, with a market share of 4.3%.

The table below sets out the top five dairy companies by retail value in China market in 2025 and their respective market share.

Ranking	Players	Market Share
1	Company A	24.5%
2	Company B	17.2%
3	**The Company**	**4.3%**
4	Company C	4.2%
5	Company D	3.3%
Top 5 combined		**53.5%**

Source: Listed companies' public filings, Companies' websites, experts interview, Frost & Sullivan analysis
Notes:
Company A: a China-based dairy products company headquartered in Hohhot, Inner Mongolia, and listed on the Shanghai Stock Exchange, primarily engaged in the production and sale of liquid dairy products, formula, ice cream and other dairy products.
Company B: a China-based dairy products company headquartered in Hohhot, Inner Mongolia, and listed on the Hong Kong Stock Exchange, primarily engaged in the production and sale of dairy products including liquid dairy products, formula, ice cream and other dairy products.
Company C: an infant-formula-focused China-based dairy company headquartered in Beijing, and listed on the Hong Kong Stock Exchange, primarily engaged in the production and sale of infant formula and other dairy products.
Company D: a China-based dairy products company headquartered in Shanghai, and listed on the Shanghai Stock Exchange, primarily engaged in the production and sale of liquid dairy products such as fresh milk, ambient milk and yogurt, as well as other dairy products.

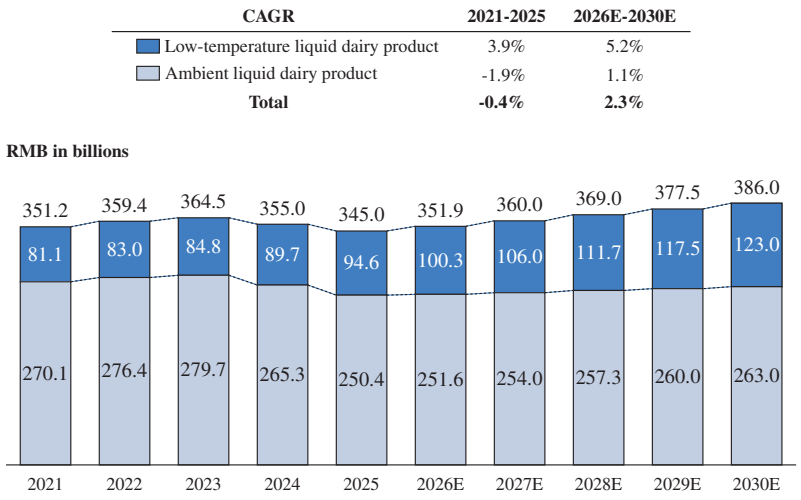
OVERVIEW OF CHINA'S LIQUID DAIRY PRODUCTS MARKET

Liquid dairy products represent the most fundamental form of milk consumption, characterized by broad consumer penetration and daily drinking attributes. Based on key differences in sterilization methods, fermentation processes and storage conditions, liquid dairy products can be broadly categorized into four major product types: fresh milk, low-temperature yogurt, ambient milk and ambient yogurt. These products can also be grouped into low-temperature liquid dairy products and ambient liquid dairy products, which collectively address diversified consumer needs across different consumption scenarios. Specifically, low-temperature liquid dairy products,

including fresh milk and low-temperature yogurt, generally require full cold-chain logistics and have relatively short shelf lives, while offering advantages in fresh taste, active nutrient retention and probiotic content; by contrast, ambient liquid dairy products, including UHT milk and ambient yogurt, are characterized by longer shelf lives, convenient storage and portability, and broader distribution without cold-chain requirements.

The chart below sets out the market size of China's liquid dairy products by categories.

Market Size of Liquid Dairy Products in China, by Categories and by Retail Value, 2021-2030E



Source: NBS, MARA, China Dairy Association, China National Food Industry Association, listed companies' public filings, Frost & Sullivan analysis

By retail value, the market size of China's liquid dairy products market decreased from RMB364.5 billion in 2023 to RMB345.0 billion in 2025. The decrease was primarily driven by the decline in ambient liquid dairy products, although low-temperature liquid dairy products continued to grow during the year. Since 2024, demand for traditional ambient milk and ambient yogurt softened due to changing consumer preferences, weaker household stock-up and gift consumption demand, and more intense channel competition. Meanwhile, low-temperature liquid dairy products continued to gain penetration, especially in higher-tier and urban markets, but their growth was not sufficient to fully offset the decline in ambient liquid dairy products.

China's liquid dairy products market is relatively concentrated. Based on retail value in 2025, the top five market participants collectively accounted for 74.2% of total market share. Among them, the Company ranked fourth with a market share of 5.9%.

Ranking	Players	Market Share
1	Company A	30.3%
2	Company B	27.2%
3	Company D	6.2%
4	**The Company**	**5.9%**
5	Company E	4.6%
Top 5 combined		**74.2%**

Source: Listed companies' public filings, experts interview, Frost & Sullivan analysis
Company E: a China-based dairy products company headquartered in Chengdu, Sichuan Province and listed on the Shenzhen Stock Exchange, primarily engaged in the production and sale of dairy products, including fresh milk, yogurt, UHT milk and other dairy products.

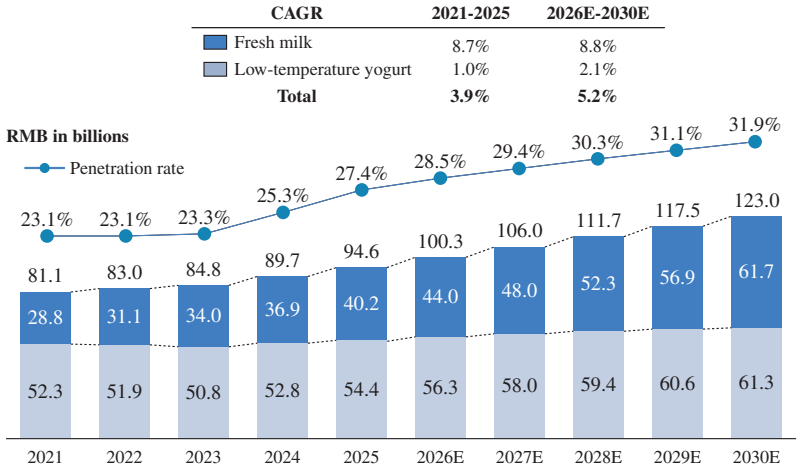
Overview of Low-Temperature Liquid Dairy Product Market in China

To maximize the preservation of the natural flavor and heat-sensitive active nutrients in fresh milk and fermented dairy products, low-temperature liquid dairy products are generally sterilized using pasteurization (typically HTST) or emerging ultra-short-time thermal processing technologies. Compared with ambient milk products processed through UHT sterilization, fresh milk demonstrates a clear advantage in the retention of nutrients such as lactoferrin, immunoglobulins and B-complex vitamins, with retention rates typically estimated to be 30-50 percentage points higher.

Consumer demand for "fresh" and "natural" nutritional value, together with rising expectations for a higher-quality overall consumption experience, has continued to strengthen. In parallel, with the progressive improvement and upgrading of cold-chain infrastructure, low-temperature liquid dairy products have emerged as a significant structural growth opportunity within China's liquid dairy market, demonstrating stronger growth resilience than the broader liquid dairy market. Fresh milk and low-temperature yogurt are increasingly substituting traditional ambient milk and ambient yogurt, becoming the core growth engines of the industry.

The chart below sets out the market size of China's low-temperature liquid dairy products market, by categories and by retail value. Overall, the penetration of low-temperature liquid dairy products within China's liquid dairy market has continued to rise and is expected to further increase to 31.9% by 2030. 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.

Market Size of Low-Temperature Liquid Dairy Products in China, by Categories and by Retail Value, 2021-2030E



Source: NBS, MARA, China Dairy Association, China National Food Industry Association, listed companies' public filings, Frost & Sullivan analysis

Note: Penetration rate represents the retail value of low-temperature liquid dairy products as a percentage of the total retail value of liquid dairy products.

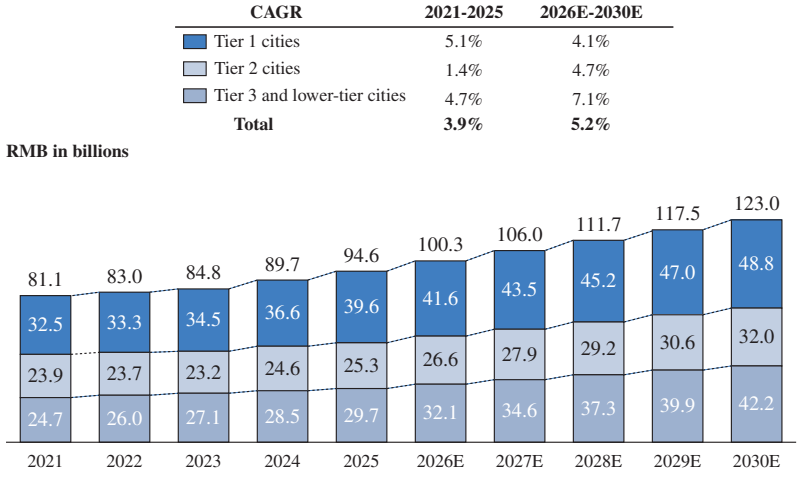
By retail value, China's fresh milk market increased from RMB28.8 billion in 2021 to RMB40.2 billion in 2025, representing a CAGR of 8.7%, and is expected to further grow to RMB61.7 billion by 2030. From 2026 to 2030, the market is expected to grow at a CAGR of 8.8%. As a result, fresh milk has emerged as a key growth segment within China's low-temperature liquid dairy products market. In parallel, China's fresh milk market has exhibited a clear premiumization trend, with the premium segment increasingly serving as an important growth driver supported by product upgrading and extended shelf-life offerings. By retail value, the premium fresh milk market increased from RMB8.7 billion in 2021 to RMB14.9 billion in 2025, and is expected to reach RMB28.5 billion by 2030.

Low-temperature yogurt remains an important category within China's liquid dairy products market, supported by consumer demand for gut health benefits, functional attributes and diversified taste experiences. The category experienced short-term fluctuations in recent years as offline consumption channels were disrupted and consumers shifted toward lower-sugar and lower-calorie products faster than product supply and assortment adapted. Nevertheless, overall resilience

remained evident, with market size at RMB54.4 billion in 2025, and under the continued trends of functionalization and scenario-based segmentation, the market is expected to reach RMB61.3 billion by 2030, representing a CAGR of 2.1% from 2026 to 2030.

Given China's vast geography, significant disparities exist across city tiers in terms of economic development, household income levels and consumption habits, resulting in differentiated development stages and market characteristics for low-temperature liquid dairy products across cities of different tiers. At present, higher-tier cities remain the core consumption markets, supported by more developed cold-chain infrastructure, higher disposable income levels and earlier adoption of health and nutrition awareness. By retail value in 2025, the penetration rate in Tier 1 cities, measured as a proportion of the local liquid dairy market, reached 38.3%, significantly higher than 29.2% in Tier 2 cities and 21.6% in Tier 3 and lower-tier cities. Looking ahead, lower-tier markets are expected to demonstrate stronger growth momentum as cold-chain logistics networks continue to expand, online retail penetration increases and local consumers' health awareness and purchasing power improve. According to Frost & Sullivan, from 2026-2030, the low-temperature liquid dairy market in Tier 3 and lower-tier cities is expected to record a CAGR of 7.1%, outpacing 4.1% in Tier 1 cities and 4.7% in Tier 2 cities, and is expected to become an important growth engine for China's low-temperature liquid dairy product market.

Market Size of Low-Temperature Liquid Dairy Products in China, by City Tiers and by Retail Value, 2021-2030E



Source: NBS, MARA, China Dairy Association, China National Food Industry Association, listed companies' public filings, Frost & Sullivan analysis

Overview of Ambient Liquid Dairy Product Market in China

Benefiting from convenient transportation, long shelf life and ease of storage, the development of ambient liquid dairy products has historically accelerated the penetration of dairy consumption across cities of different tiers and township markets in China, and continues to constitute the dominant portion of China's liquid dairy market.

By retail value, the market size of China's ambient liquid dairy products decreased from RMB270.1 billion in 2021 to RMB250.4 billion in 2025, representing a CAGR of -1.9% over the period. In particular, the market size decreased from RMB279.7 billion in 2023 to RMB250.4 billion in 2025. The decline in 2024 and 2025 was mainly attributable to softer demand for traditional UHT milk and ambient yogurt, intensified channel competition, reduced demand from gift and household stock-up consumption scenarios, and partial substitution by low-temperature liquid dairy products in higher-tier and urban markets. As consumers increasingly sought fresher, more natural and function-oriented dairy products, ambient liquid dairy products entered a phase of structural adjustment. Looking ahead, supported by the continued convenience of ambient products, broad lower-tier market coverage, product upgrades toward premiumized and functional offerings, and more refined consumption scenarios, the ambient liquid dairy market is expected to stabilize and recover gradually, with market size projected to reach RMB263.0 billion by 2030. From 2026 to 2030, the market is expected to grow at a CAGR of 1.1%.

Drivers and Trends of Liquid Dairy Product Market in China

- **Accelerating penetration of low-temperature liquid dairy products driving structural upgrading.** Supported by improving cold-chain infrastructure and rising demand for freshness and active nutrients, low-temperature liquid dairy products, including fresh milk and low-temperature yogurt, are becoming a key growth driver. Bottled formats and shelf-life extension technologies have broadened fresh milk distribution and supported premiumization, while low-temperature yogurt is shifting toward functional and dessert-oriented offerings, expanding consumption occasions. Low-temperature products' penetration within the liquid dairy market is expected to continue rising.

- **More segmented consumption scenarios.** Diversifying consumption scenarios are driving demand for varied packaging specifications. Beyond household consumption, dairy products are increasingly consumed in out-of-home scenarios such as bakery and freshly made coffee and tea chains, increasing consumption frequency and fragmentation. Small on-the-go packs and large family packs are expected to coexist as mainstream formats, requiring enterprises to enhance flexible manufacturing and tiered channel coverage.

- **Leading players pursuing international and regional expansion.** Selected domestic leaders are using markets such as Hong Kong and Macau to validate the competitiveness of premium fresh milk and functional yogurt products. Leveraging ESL technologies and cross-border cold-chain capabilities, these enterprises are exploring expansion into Southeast Asia. Alignment with international standards in areas such as quality traceability and carbon management is also driving further upgrades in management and supply-chain capabilities.

Entry Barriers and Key Success Factors

- **Brand equity and consumer trust.** As dairy products are daily consumer staples, brand perception and consumer trust directly influence repurchase behavior and pricing power. Successful brands typically establish transparent consumer communication mechanisms through visible quality initiatives, such as factory or farm visits, end to end traceability and third party authoritative certifications. Long term brand reputation, together with strong ESG performance, constitutes a core asset in building durable brand advantages across cycles.

- **Control over high quality milk sources and comprehensive value chain capabilities.** Stable, traceable raw milk is critical to premium low-temperature liquid dairy products. Leading enterprises secure supply through self-owned farms or upstream partnerships and build end-to-end control from farm to processing, cold chain and distribution, supporting quality, safety and resilience to raw milk price volatility. These capabilities require sustained investment and standardized quality control.

- **Intelligent manufacturing and end to end quality control. Advanced manufacturing capabilities underpin product consistency and operational efficiency.** Through sustained investment in highly automated production lines, manufacturing execution systems and in-line monitoring equipment, enterprises can improve yields and shorten supply chain response times. Strong digital capabilities and end to end quality control systems are prerequisites for scaled and lean production.

- **Wide coverage cold chain logistics and nationwide supply capabilities.** The extreme reliance of fresh milk and yogurt on temperature control and delivery timeliness makes an efficient and widely covered cold chain a core competitive barrier. Leading enterprises need strong cold chain management capabilities to meet fulfillment requirements across multiple channels, including on demand delivery, membership stores and supermarkets. In addition, the application of key technologies such as ESL is critical to expanding the effective sales radius, reducing loss, enabling nationwide scaled supply, and enhancing profitability in low-temperature businesses.

Threats, Challenges and Opportunities

China's liquid dairy products market faces intensifying competition. At the same time, the low-temperature segment requires stronger technology, capital and operational capabilities. Market participants must continuously strengthen brand trust, high-quality and traceable milk sourcing, integrated quality control, intelligent manufacturing and wide-coverage cold-chain fulfillment, while responding more quickly to increasingly segmented consumption scenarios and evolving preferences for healthier, fresher and more functional products. At the same time, raw milk prices remain subject to supply-demand fluctuations, which may affect cost stability. Against this backdrop, the market continues to benefit from structural upgrading toward low-temperature liquid

dairy products, premiumization and functional innovation across both low-temperature and ambient products, broader out-of-home consumption scenarios, and continued expansion into lower-tier cities as cold-chain infrastructure and online retail penetration improve.

Competitive Landscape

China's low-temperature liquid dairy market exhibits a relatively high level of concentration, with a pronounced leading player effect. Based on retail value in 2025, the top five market participants collectively accounted for 65.4% of total market share, among which the Company ranked first with a market share of 15.6%.

The table below sets out the top five low-temperature liquid dairy market participants by retail value in China market in 2025 and their respective market share.

Ranking	Players	Market Share
1	**The Company**	**15.6%**
2	Company B	15.1%
3	Company D	13.3%
4	Company A	11.7%
5	Company E	9.7%
Top 5 combined		**65.4%**

Source: Listed companies' public filings, companies' websites, experts interview, Frost & Sullivan analysis

China's fresh milk market is relatively concentrated. Based on retail value in 2025, the top five market participants collectively accounted for 63.4% of total market share, and the Company ranked second with a market share of 13.4%.

Ranking	Players	Market Share
1	Company D	20.1%
2	**The Company**	**13.4%**
3	Company B	11.7%
4	Company E	11.2%
5	Company A	7.0%
Top 5 combined		**63.4%**

Source: Listed companies' public filings, experts interview, Frost & Sullivan analysis

China's low-temperature yogurt market is relatively concentrated. Based on retail value in 2025, the top five market participants collectively accounted for 65.7% of total market share, and the Company ranked second with a market share of 17.3%.

Ranking	Players	Market Share
1	Company B	17.6%
2	**The Company**	**17.3%**
3	Company A	15.3%
4	Company E	8.3%
5	Company D	7.2%
Top 5 combined		**65.7%**

Source: Listed companies' public filings, experts interview, Frost & Sullivan analysis

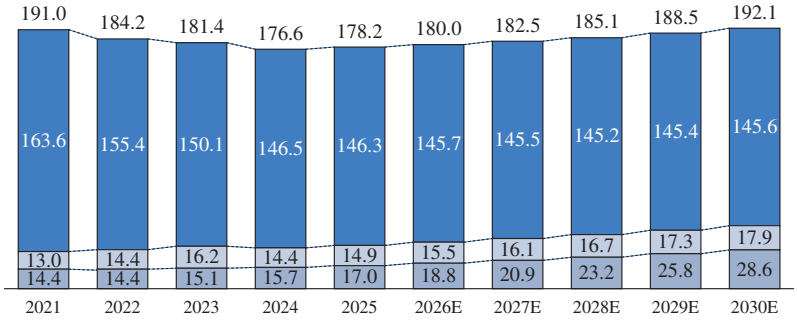
OVERVIEW OF CHINA'S FORMULA MARKET

Formula products are powdered dairy products formulated to meet the nutritional needs of consumers at different life stages and can be broadly categorized into infant formula, child formula and adult formula. Benefiting from continued upgrading toward premiumized and functional product offerings, as well as ongoing growth in the child and adult formula segments, China's formula market has demonstrated resilience. Infant formula remains the largest segment within China's formula market. Supported by the implementation of the New National Standard and rising consumer willingness to pay for scientifically validated formulations such as A2 protein, OPO structured lipids and lactoferrin, the industry continues to undergo structural upgrading. The chart below sets out the market size of formula in China, by retail value. By retail value, China's infant formula market reached RMB146.3 billion in 2025, accounting for 82.1% of the total formula market.

Market Size of Formula in China, by Retail Value, 2021-2030E

CAGR	2021-2025	2026E-2030E
Infant Formula	-2.8%	0.0%
Children's milk powder	3.5%	3.7%
Adult's milk powder	4.2%	11.1%
Total	**-1.7%**	**1.6%**

RMB in billions



Source: Listed companies' public filings, MARA, China Dairy Association, China National Food Industry Association, Frost & Sullivan analysis

By retail value, the market size of China's formula market decreased from RMB181.4 billion in 2023 to RMB176.6 billion in 2024. The decline was mainly attributable to continued pressure on the infant formula segment, which was affected by the relatively low number of newborns, channel inventory adjustment, intensifying competition and the transition following the implementation of the New National Standard. Although child formula and adult formula continued to provide structural growth opportunities, their growth remained insufficient to fully offset the decline in infant formula products in 2024.

Leading domestic brands have strengthened their positions by leveraging integrated local value-chain advantages, including access to high-quality milk sources, use of fresh raw milk and science-based nutrition R&D. Together with China's stringent infant formula registration regime, these capabilities have raised technical, R&D and regulatory barriers and shifted competition from channel-driven marketing toward scientific validation and full-chain quality control. This structural shift is reflected in the rising market share of domestic infant formula brands, which increased from 53% in 2021 to 72% in 2025. The expansion of domestic brands has been supported by higher quality benchmarks under the New National Standard, continued research into the composition of Chinese breast milk enabling more differentiated localized formulations, and refined channel operations supporting deeper penetration into lower-tier markets.

Market Drivers and Development Trends

- **Premiumization and competition shifting toward scientific validation.** Consumer demand is shifting from basic nutrition toward precise, science-based nutritional support, driving premiumization across the infant formula market. Ingredients such as A2 protein, OPO, HMOs, lactoferrin and probiotics are increasingly incorporated into higher value-added formulations. At the same time, competition is moving beyond ingredient lists toward clinical validation and scientific evidence, with leading players strengthening barriers through breast milk databases, proprietary strain development and clinical research.

- **Professionalization of retail channel operations.** The mother-and-baby retail channel is undergoing consolidation toward chain-based and professional operators. Large chains with standardized management and stricter product selection are gaining share, favoring leading brands with strong supply-chain support and channel service capabilities.

- **Extension of consumption lifecycle and segment expansion.** Leading companies are expanding into child and adult formula segments, extending customer lifetime value and forming full lifecycle product portfolios.

Threats, Challenges and Opportunities

China's formula market faces intensifying competition as the industry shifts from channel-driven marketing toward scientific validation, full-chain quality control and higher quality benchmarks under the New National Standard. Market participants must maintain stable and traceable milk sources, invest in science-based nutrition R&D and clinical validation, and build long-term brand trust and professional mother-and-baby channel capabilities. At the same time, the market continues to benefit from premiumization and functional upgrading, rising demand for science-based formulations, expansion of child and adult formula segments, and deeper penetration into lower-tier markets, creating opportunities particularly for leading brands with strong R&D, quality control and channel execution.

Competitive Landscape of Formula Market in China

China's formula market exhibits a relatively high level of concentration, with leading domestic and international brands competing in the premium and mass segments. Based on retail value in 2025, the top five market participants collectively accounted for 55.0% of total market share. Among them, the Company ranked fifth with a market share of 3.9%.

The table below sets out the top five formula market participants by retail value in China market in 2025 and their respective market share.

Ranking	Players	Market Share
1	Company A	23.5%
2	Company C	13.8%
3	Company F	7.0%
4	Company G	6.8%
5	**The Company**	**3.9%**
Top 5 combined		**55.0%**

Source: Listed companies' public filings, experts interview, Frost & Sullivan analysis
Note:
Company F: a Netherlands-based dairy group headquartered in Amersfoort, the Netherlands, incorporated in 2008, primarily engaged in the production and sale of dairy products including infant formula and other dairy products.
Company G: a France-based food and beverage group headquartered in Paris, France, founded in 1919 and listed on Euronext Paris, primarily engaged in the production and sale of dairy and plant-based products, waters and specialized nutrition products, including infant formula.

China's infant formula market is characterized by high entry barriers and relatively high concentration. Stringent formula registration, the need for stable and traceable milk sources with integrated quality control, and the importance of long-term brand trust and nationwide offline distribution networks make the market difficult for new entrants to penetrate. As a result, leading domestic brands have established competitive advantages. Based on retail value, the top five market participants accounted for 56.8% of total market share in 2025. Among them, the Company ranked fifth with a 4.1% market share and was also the third largest domestic infant formula company in China.

The table below sets out the top five infant formula market participants by retail value in China market in 2025 and their respective market share.

Ranking	Players	Market Share	Brand Origin
1	Company A	18.5%	China
2	Company C	17.4%	China
3	Company F	8.5%	Netherlands
4	Company G	8.3%	France
5	**The Company**	**4.1%**	**China**
Top 5 combined		**56.8%**	

Source: Listed companies' public filings, companies' websites, experts interview, Frost & Sullivan analysis

OVERVIEW OF CHINA'S BUSINESS-TO-BUSINESS DAIRY PRODUCTS MARKET

As China's food-service industry and broader food manufacturing sector continue to scale and professionalize, downstream customers are placing higher requirements on dairy ingredient suppliers, including consistent high quality, stable supply and the ability to support diversified flavor and product innovation across standardized menus and industrial formulations. These evolving requirements are raising the bar for supply-chain capabilities and food ingredient standards across the value chain. Against the backdrop of accelerating chain-based expansion in the food-service industry, ongoing upgrades in supply-chain capabilities and food ingredient standards, and rising consumer demand for healthier food and beverage options, China's B2B dairy products market has emerged as one of the faster-growing segments within the broader dairy industry, with a relatively clear trajectory of structural upgrading. By revenue, the market size of China's B2B dairy products market increased from RMB35.1 billion in 2021 to RMB43.3 billion in 2025, representing a CAGR of approximately 5.4%. This growth has been primarily driven by rising and stable demand for dairy ingredients from formats such as bakery and freshly made coffee and tea, as well as the trend toward scaled procurement and standardized ingredient usage associated with the expansion of chain outlets. At the same time, downstream customers are increasingly favoring suppliers with nationwide coverage, end-to-end quality control and customized solutions, accelerating the market's shift from ingredient supply toward solution-based services.

Looking ahead, as chain restaurants and new-style beverage formats continue to expand, and as in-store applications of higher value-added dairy products such as fresh milk, cream, butter and cheese become increasingly diversified, the B2B dairy products market is expected to further grow to RMB64.4 billion by 2030. From 2026-2030, the market is expected to grow at a CAGR of 8.1%.

Threats, Challenges and Opportunities

China's B2B dairy products market faces rising requirements from downstream food-service and food manufacturing customers for consistent quality, product innovation and stronger supply-chain capabilities. As chain customers increasingly prefer suppliers with nationwide coverage, end-to-end quality control and customized solutions, competition is shifting from basic ingredient supply toward solution-based services, raising barriers for market participants. Demand also remains exposed to the performance of downstream formats such as bakery, freshly made coffee and tea, and chain restaurants, while raw milk price fluctuations may affect cost stability. At the same time, continued expansion of chain food-service formats, broader dairy applications across beverages and desserts, and rising demand for higher value-added ingredients such as fresh milk, cream, butter and cheese are creating growth opportunities.

China's B2B dairy products market is relatively fragmented. Based on revenue in 2025, the top five market participants collectively accounted for 15.9% of total market share. Among them, the Company ranked third with a market share of 2.3%.

The table below sets out the top five B2B dairy products market participants by revenue in China in 2025 and their respective market share.

Ranking	Players	Market Share
1	Company B	6.7%
2	Company A	5.5%
3	**The Company**	**2.3%**
4	Company D	0.9%
5	Company E	0.5%
	Top 5 combined	**15.9%**

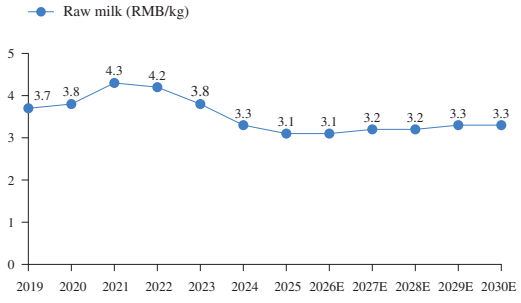
Source: Listed companies' public filings, experts interview, Frost & Sullivan analysis

RAW MILK PRICE AND FEED PRICE ANALYSIS

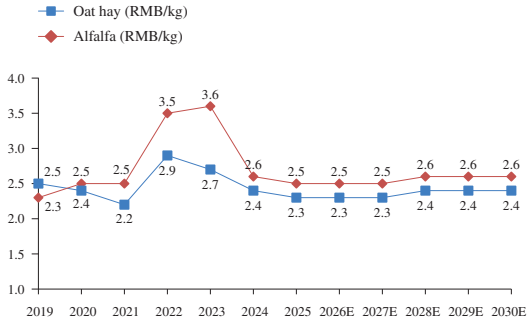
From 2019 to 2025, the average procurement price of raw milk in China's major producing provinces fluctuated but generally trended downward, mainly due to changes in supply-demand dynamics. Increased raw milk supply from dairy farm expansion and productivity improvement, together with softer downstream demand, inventory pressure and the impact of imported base milk powder, jointly weighed on prices.

During the same period, the average prices of oat hay and alfalfa in China exhibited a rise-and-fall pattern. Prices generally increased in the earlier years, mainly driven by higher import costs and tighter forage supply, and then declined in the later years as feed demand softened and import prices normalized. Compared with oat hay, alfalfa prices experienced greater fluctuations over the period.

Average Farm-Gate Purchase Price of Raw Milk in Major Producing Provinces, 2019-2030E



Average Price of Oat Hay and Alfalfa, 2019-2030E



Source: NBS, Dairy Association of China, China Customs, Frost & Sullivan analysis

Looking ahead, raw milk prices in China are expected to gradually stabilize from the relatively low level in 2025, supported by the ongoing adjustment of dairy farm capacity, the exit of less efficient farming capacity and the gradual stabilization of downstream demand. However, any price recovery is expected to be gradual, as raw milk supply capacity remains sufficient and downstream dairy consumption is expected to grow at a moderate pace. Feed prices, including oat hay and alfalfa, are expected to remain broadly stable with moderate fluctuations, primarily affected by global forage supply, weather conditions, import prices, exchange rates and logistics costs.

Changes in raw milk and feed prices affect the cost base of dairy farming and dairy processing enterprises, including the Group. However, such changes do not result in immediate or mechanical adjustments to the selling prices of the dairy company's products. In practice, the selling prices of dairy products are primarily determined by consumer demand, brand positioning, product mix, market competition, channel structure and promotional activities, while raw material prices are taken into account as one of the cost factors in dairy company's overall pricing and margin management. When raw material prices increase materially, a dairy company may seek to partially mitigate cost pressure through product pricing, product mix adjustment, package specification changes, channel rebates, promotional intensity and cost control measures, typically with a time lag. When raw material prices decline, the benefit may be reflected in improved gross margins, enhanced promotional flexibility or support for premium product development, rather than a direct and immediate reduction in the retail prices of dairy products.

Cyclical Fluctuations of Dairy Products Market and Raw Material Costs

China's dairy products market, as well as the prices of relevant raw materials, exhibit cyclical fluctuations driven by macroeconomic conditions, demographic trends, agricultural production cycles, and evolving consumer preferences. Historically, raw milk price cycles have typically lasted around three years, reflecting periods of dairy herd expansion, productivity improvement, and subsequent supply adjustments. Feed costs, including corn silage, alfalfa and soybean meal, follow agricultural cycles and global commodity market movements, which in turn affect raw milk production costs at the Group's self-operated dairy farms.

During the most recent cycle, raw milk prices rose from 2019 to 2021, followed by a decline from 2022 to 2025 due to increasing supply, moderate downstream demand, and inventory adjustments. Feed costs also exhibited a rise-and-fall pattern over the same period. The current stage of the cycle as of 2025 reflects a low-price adjustment phase for raw milk, while feed prices remain broadly stable with moderate fluctuations.

These cyclical patterns impact upstream and downstream players differently. During rising price phases, dairy farms may benefit from higher selling prices if raw milk price growth exceeds feed cost increases, while downstream processors face margin pressure unless cost increases are partially passed through to selling prices. During declining price phases, upstream dairy farms experience tighter margins, whereas downstream processors may gain cost relief, subject to competitive pricing, promotional activities, and product mix adjustments. Dairy companies with controlled milk sources, diversified product portfolios, and strong channel coverage are generally better positioned to mitigate the effects of cyclical fluctuations across the value chain.

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan Report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [**REDACTED**]. We expect to pay Frost & Sullivan a total of RMB400,000 for the Frost & Sullivan Report and our use of the report. Frost & Sullivan is a consulting company which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this Document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industry in which we operate.

Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

PRC LAWS AND REGULATIONS

We must comply with various Chinese laws, regulations, and rules that affect multiple aspects of our business. This section outlines the principal Chinese laws, regulations, and rules that we believe are relevant to our business and operations.

LAWS AND REGULATIONS RELATING TO DOMESTIC FOREIGN INVESTMENT

Pursuant to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) promulgated by the National People's Congress on March 15, 2019 and implemented on January 1, 2020, and the Implementing Regulations of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, the State implements a management system comprising pre-access national treatment along with a negative list with respect to foreign investment, and gives national treatment to foreign investment beyond the negative list. Foreign investors shall not invest in any field forbidden by the negative list for foreign investment.

Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) promulgated by the NDRC and the MOFCOM on September 6, 2024 and implemented on November 1, 2024, and the Catalog of Industries for Encouraged Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》) promulgated by the MOFCOM and the NDRC on October 26, 2022 and implemented on January 1, 2023, the business activities we currently engage in do not fall within the scope of the negative list and are not subject to special administrative measures.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資資訊報告辦法》) promulgated by the MOFCOM and the SAMR On December 30, 2019 and implemented on January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities.

LAWS AND REGULATIONS RELATING TO GENERAL FOOD SAFETY

Food Safety

On February 28, 2009, the Standing Committee of the National People's Congress (the "SCNPC") issued the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the "Food Safety Law"), which was last amended on September 12, 2025, and implemented on December 2, 2025. On October 11, 2019, the State Council promulgated the Implementing Regulations of the Food Safety Law of the PRC (2019 Revision) (《中華人民共和國食品安全法實施條例(2019修訂)》) (the "Implementing Regulations of the Food Safety Law"), which implemented on December 1, 2019. According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, food producers and business operators shall, in accordance with laws, regulations and food safety standards, engage in production and business operation activities, establish a sound food safety management system, and take effective measures to prevent and control food safety risks, thus ensuring food safety.

According to the Food Safety Law, supervision duties related to food safety shall be undertaken by the State Council and its relevant departments. The State Council shall establish a food safety committee. The food safety supervision and administration departments under the State Council shall exercise supervision and administration over food production and operation activities. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety and shall formulate and issue national food safety standards in concert with the food safety supervision and administration departments under the State Council. Food safety standards are mandatory standards. No mandatory food standards other than food safety standards shall be formulated. Other relevant departments under the State Council shall carry out relevant food safety work.

Furthermore, the state has established a whole-process food safety traceability system. According to the relevant laws and regulations above, food producers and operators shall establish a food safety traceability system to ensure the traceability of food products. The state encourages food producers and operators to adopt information technology to collect and retain production and operation information, and to establish food safety traceability systems. The food safety supervision and administration departments under the State Council shall establish a coordination mechanism for whole-process food safety traceability in collaboration with the agriculture administrative department and other related departments under the State Council.

Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品品質法》) promulgated by the SCNPC on February 22, 1993 and amended on December 29, 2018, with immediate effect, producers shall be responsible for the quality of the products they produce. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated. Where the case is serious, business license shall be revoked. Where a criminal offense is constituted, the offenders will be pursued for criminal liabilities.

Protection of Consumers' Rights and Interests

Pursuant to the Law on Protection of Consumers' Rights and Interests of the PRC (《中華人民共和國消費者權益保護法》) enacted by the NPCSC on October 31, 1993, which was amended on October 25, 2013 and implemented on March 15, 2014, operators shall ensure that the goods or services so provided meet the requirements for the protection of personal and property safety. Operators shall provide consumers with true and comprehensive information on the quality, performance, use and expiration date of goods or services, without make any false or misleading promotion. Violators may be subject to civil liability (such as refunding payments or compensating for losses) and administrative penalties (such as warnings, confiscation of illegal gains, fines, suspension of business operations for rectification, or revocation of business licenses), or criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of customers.

According to the E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》) implemented on January 1, 2019, e-commerce operators must adhere to the principles of voluntariness, equality, fairness, and good faith in their business operations, comply with laws and business ethics, participate fairly in market competition, fulfill obligations related to consumer rights protection, environmental protection, intellectual property protection, cybersecurity, and personal information protection, assume responsibility for product or service quality, and accept supervision from the government and the public.

The Supreme People's Court's Provisions on Several Issues Concerning the Application of Law in the Trial of Online Consumption Dispute Cases (I)《最高人民法院關於審理網路消費糾紛案件適用法律若干問題的規定(一)》, implemented on March 15,2022, stipulate that standard terms provided by e-commerce operators meeting certain conditions are invalid, and specify provisions regarding the determination of e-commerce liability subjects and civil liabilities in live-stream marketing.

LAWS AND REGULATIONS RELATING TO LAND

There are two kinds of ownership of the land in China, as defined in the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) (the "Land Administration Law") which was promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019, and became effective on January 1, 2020. Downtown area land in cities shall belong to the state. Rural and suburbs land shall be collectively owned by farmers, unless the laws stipulate otherwise; homestead and reserved land and hilly land reserved for private use shall be collectively owned by farmers.

Land Use Rights

According to the Land Administration Law, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land (2020 Revision) (《城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)》) promulgated and implemented by the State Council on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user shall pay land premiums to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage, or otherwise commercially exploit the land within the term of use. The local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate that evidences the acquisition of land use rights.

Land Used for Agricultural Facilities

According to the Notice of the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on Relevant Issues Concerning the Administration of Land Used for Agriculture Facilities (《自然資源部、農業農村部關於設施農業用地管理有關問題的通知》), which became effective on December 17, 2019, land used for agricultural facilities in nature are different from land used for non-agricultural construction project and are treated and administered as agricultural land. Land used for agricultural facilities includes facility land directly used for crop cultivation in agricultural production and livestock and poultry breeding and aquaculture. The government departments in charge of natural resources and agricultural and rural affairs at municipal and county levels shall be responsible for the routine management of land for facilities agriculture. The government departments in charge of natural resources and agricultural and rural affairs at national and provincial levels shall be responsible for the supervision of land for facilities agriculture through various technical means. Land used for agricultural facilities shall be filed for record with township governments by the rural collective economic organization or operator, and the township governments shall regularly collect and hand over the information to the natural resources governmental authority at the county level. Where replenishment of permanent basic farmland is involved, approval from the competent county-level natural resources authority must be obtained before construction commences. The government departments in charge of natural resources and agricultural and rural affairs at municipal and county levels in each province shall formulate specific implementation measures and report them to the Ministry of Natural Resources for filing.

State-owned Land

Enterprises that wish to use state-owned land shall get it by means such as grant, allocation and lease. The most common mean is for the enterprise to enter into state-owned land grant contract and pay for the land premium.

In certain circumstance, enterprise can also lease the state-owned land. According to the Opinions on Standardizing State-owned Land Lease (《規範國有土地租賃若干意見》) effective on July 27, 1999, land users can conclude a lease contract with local land authorities and pay for the lease.

Collectively Owned Land by Farmers

According to the Land Contract in Rural Areas of the PRC (《中華人民共和國農村土地承包法》) (the "Rural Land Contracting Law") promulgated by the SCNPC on August 29, 2002, amended on December 29, 2018, and implemented on January 1, 2019, China applies the

contractual management system in respect of land in rural areas. Contractors of rural land can be members of the economic collective that owns or uses the relevant land, or enterprises and individuals outside the economic collective. The contracting term for arable land shall be 30 years, for grassland shall be between 30 to 50 years, and for forestland shall be between 30 to 70 years.

According to the Rural Land Contracting Law, the decision to contract the rural land to an enterprise or individual that is not a member of the economic collective which owns the land must be made in accordance with relevant procedures, which require the approval by at least two-thirds of the members of the economic collective or two-thirds of the representatives for members of the economic collective, and the approval by the competent government at the township level.

Circulation of Rural Land

The Rural Land Contracting Law also provide that a contractor of rural land may circulate its right to operate the contracted land through subcontracting, leasing or other means.

According to the Measures for the Administration of the Circulation of the Rural Land Operation Right (《農村土地經營權流轉管理辦法》) (the "Measures for the Circulation of Land Operation Right") promulgated by the Ministry of Agriculture and Rural Affairs (the "MARA") on January 26, 2021 and implemented on March 1, 2021, a contractor that entrusts a third party to circulate the contracted land, shall present an power of attorney. Without this power of attorney, no one has the right to decide the circulation of a contracted rural land. The circulation of contracted land shall report to the contract-issuing party and local government at the township level for record. A transferee that re-circulate the land circulated by a contractor shall be subject to the consent of original contractor. The Measures for the Circulation of Land Operation Right further requires government at the township level to establish examination system for the circulation of land operation right to enterprises.

LAWS AND REGULATIONS RELATING TO REAL ESTATE

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 and amended on August 26, 2019 and implemented on January 1, 2020, in the lease of a house, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of parties thereto, and shall register the lease contract with the department of housing administration for the record.

Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, the parties concerned to a housing lease shall go through the housing lease registration formalities with the competent construction (real estate) departments of the municipalities directly under the central government, cities and counties where the housing is located within 30 days after the housing lease contract is signed. If it violates the regulations, the competent construction (real estate) departments of the municipalities directly under the central government, cities or counties shall order the party to make corrections within a prescribed time limit; and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on entities which fail to rectify within the specified time limit.

LAWS AND REGULATIONS RELATING TO CONSTRUCTION PROJECTS

Construction Land Planning Permit

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) (the "Urban and Rural Planning Law") promulgated by the SCNPC on October 28, 2007 and amended and implemented on April 23, 2019, state-owned land use rights acquired through transfer or allocation must obtain a construction land planning permit.

Construction Project Planning Permit

According to the Urban and Rural Planning Law, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

Construction Project Construction Permit

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997, amended and implemented on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. The construction unit shall commence construction within three months from the date of obtaining the construction permit. If commencement cannot be made within the stipulated period for any reason, an extension shall be applied for from the issuing authority. If construction neither commences nor an extension is applied for, or if the extended period is exceeded, the construction permit shall be automatically revoked.

Completion Acceptance of Construction Project

According to the Administrative Measures on the Filing of Acceptance Inspection upon Completion of House Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the Ministry of Housing and Urban-Rural Development on October 19, 2009, construction projects may only be put into use after passing the acceptance inspection. The construction unit shall file the project with the construction administrative department of the county-level or higher local people's government where the project is located within 15 days from the date of passing the completion acceptance inspection.

LAWS AND REGULATIONS RELATING TO THE PRODUCTION AND SALE OF DAIRY PRODUCTS

Food Production Licensing

According to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》) promulgated by the SAMR on January 2, 2020 and implemented on March 1, 2020, entities that engage in food production activities within the territory of PRC shall obtain the food production license. The food production licensing is subject to the "one entity, one license" principle, that is to engage in food production activities, one food producer shall obtain one food production license.

Food Operation Licensing

According to the Measures for the Administration of Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》) promulgated by the SAMR On June 15, 2023, and implemented on December 1, 2023. Anyone that plans to engage in food sales and provide catering services within the territory of the PRC shall obtain a food operation permit in accordance with the law. The date on which the decision on licensing is made shall be the date of issuance of the food operation license, and the license is valid for five years.

Units engaged solely in the sale of prepackaged food must register with the local market supervision and administration department at or above the county level. Any operator who only sells pre-packaged food shall file to the local administration for market regulation at or above the county level. Food operators who only sell pre-packaged food and, after completing the filing, intend to engage in additional food operation activities that shall obtain food operation, they shall obtain food

operation license in accordance with the law. The filing shall automatically become invalid as of the date on which the food operation license is obtained. A food operator which has obtained a food operation license is not required to file for additional business of selling prepackaged food separately.

Fresh Milk Production and Procurement

According to the Administrative Measures for Fresh Milk Production and Procurement (《生鮮乳生產收購管理辦法》), which was promulgated by the former MOA (now MARA) and became effective on November 7, 2008, the production, purchase, storage, transportation and sale of fresh milk shall conform to the national quality safety standards for dairy products. Dairy production enterprises, dairy animal breeders, specialized dairy production cooperatives for farmers who wish to open fresh milk purchase stations shall meet the statutory conditions and apply to the administrative department for animal husbandry and veterinary medicine under the people's government at the county level where they are located for a raw fresh milk purchase license.

Quality of Dairy Products

According to the Regulations on Supervision and Administration of Quality Safety of Dairy Products (《乳品質量安全監督管理條例》), which was promulgated on October 9, 2008 by the State Council and became effective on the same day, dairy animal breeders, raw milk purchasers, dairy products production enterprises and sellers are the primary responsible persons who shall assume responsibility for the quality safety of the dairy products which they produce, purchase, transport and sell. The addition of any substances during the production, collection, storage, transportation, or sale of raw milk is prohibited. The addition of non-edible chemical substances or other substances which may be harmful to human health during the production process of dairy products is prohibited.

Infant Formula Product Formula Registration

According to the Administrative Measures for the Registration of Product Formulas of Infant Formula promulgated on June 6, 2016, and amended and implemented on December 1, 2025, infant formula product formulas produced, sold, or imported within China must be approved and registered by the State Administration for Market Regulation. When a single enterprise applies to register two or more product formulas for the same age group, the formulas must exhibit significant differences and be scientifically substantiated. Each enterprise shall not exceed three formula series and nine product formulas in principle. Each formula series includes infant formula (0-6 months, Stage 1), follow-on formula (6-12 months, Stage 2), and toddler formula (12-36 months, Stage 3). The parent company of an enterprise group or its holding subsidiary that has obtained infant formula product formula registration certificates and production permits may use infant formula product formulas already registered by other holding subsidiaries within the same enterprise group or by the parent company of the enterprise group. The registration certificate for infant formula product formulations is valid for five years. During the validity period of the registration certificate, if the applicant needs to change any information specified in the certificate or its attachments, they shall submit an application for registration changes to the State Administration for Market Regulation.

Registration Certification of Formula Food for Special Medical Purpose

According to the Measures for the Administration of the Registration of Formula Food for Special Medical Use promulgated by the State Administration for Market Regulation on March 7, 2016, amended on November 28, 2023, and effective as of January 1, 2024, the production, sale, and import of foods for special medical purposes within the territory of the People's Republic of China must be approved and registered by the State Administration for Market Regulation.

LAWS AND REGULATIONS RELATING TO LIVESTOCK AND POULTRY FARMING

Filing of Livestock and Poultry Breeding Farms

According to the Animal Husbandry Law of PRC (《中華人民共和國畜牧法》) (the "Animal Husbandry Law") promulgated by the NPCSC on December 29, 2005, amended on October 30, 2022 and implemented on March 1, 2023, the founder of livestock and poultry breeding farms shall

submit the name of the livestock and poultry breeding farms, the address, the strains of the livestock and poultry as well as the scale of breeding to the competent agricultural and rural authorities of the people's government at the county level where the livestock or poultry farm is located for the record, and obtain labels and code for the livestock and poultry.

Permit for the Production and Business Operation of Breeding Livestock and Poultry

Pursuant to the Animal Husbandry Law, to engage in the production and business operation of breeding livestock and poultry or in the production of young commercial livestock and poultry, an entity or individual shall obtain a permit for the production and business operation of breeding livestock and poultry. To apply for a permit for the production and business operation of breeding livestock and poultry, an applicant shall meet the following conditions: (1) The breeding livestock and poultry for production and business operations shall fall within the species or genetic improvement system as examined and approved or appraised by the National Commission for Livestock and Poultry Genetic Resources, or shall fall within the species or genetic improvement system as imported from abroad upon approval; (2) Having the stockbreeding and veterinary technicians that can meet the needs of production and business operations; (3) Having the breeding facilities and equipment that can meet the needs of production and business operations; (4) Satisfying the livestock and poultry disease prevention conditions as described in the laws, administrative regulations, as well as the provisions of the competent agricultural and rural authorities of the State Council; (5) Having a sound quality management and breeding record system; and (6) Satisfying other conditions as described in the laws and administrative regulations.

Water Resources

Pursuant to the Water Law of the People's Republic of China (《中華人民共和國水法》) promulgated on January 21, 1988 and revised and implemented on July 2, 2016, the Regulations on the Administration of the License for Water Drawing and the Levy of Water Resource Fees (《取水許可和水資源費徵收管理條例》) promulgated on February 21, 2006 and revised and implemented on March 1, 2017, and the Measures for the Administration of Water Abstraction Licensing (《取水許可管理辦法》) promulgated on April 9, 2008 and revised and implemented on December 22, 2017, except for certain prescribed circumstances, any entity or individual that abstracts or uses water resources shall apply for and obtain a water abstraction permit and pay water resources fees. Only after the water abstraction application has been approved by the competent approval authority may the applicant construct water abstraction projects or facilities. The validity period of a water abstraction permit is generally five years and shall not exceed ten years at the longest.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND SAFETY

Environmental Protection

Pursuant to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, revised on April 24, 2014 and implemented on January 1, 2015, the Ministry of Ecology and Environment is authorized to promulgate national environmental quality standards and pollutant discharge standards and to supervise environmental protection work nationwide. Meanwhile, local environmental protection authorities may formulate local standards that are more stringent than the national standards. Accordingly, relevant enterprises must comply with both national standards and applicable local standards.

Environmental Impact Assessment

Pursuant to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, revised on July 16, 2017 and implemented on October 1, 2017, a construction entity shall, depending on the degree of environmental impact of the construction project, submit an environmental impact report, an environmental impact report form, or complete an environmental impact registration form.

Completion Acceptance

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

Fire Safety

Pursuant to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the NPCSC on April 29, 1998 and most recently revised and implemented on April 29, 2021, the fire protection design and construction of construction projects must comply with national fire protection technical standards for construction projects. Construction, design, construction, and project supervision entities shall, in accordance with the law, be responsible for the fire protection design and construction quality of construction projects. Construction projects that have not undergone statutory review or have failed such review shall not commence construction. Where a completed construction project has not passed a fire safety inspection or has failed to comply with fire safety requirements upon inspection, such project shall not be put into use or operation.

Waste Discharge Management

Pursuant to the Catalogue for Classified Management of Pollutant Discharge Permits for Fixed Pollution Sources (2019 Edition) (《固定污染源排汙許可分類管理名錄(2019年版)》) promulgated and implemented by the Ministry of Ecology and Environment on December 20, 2019, the State implements key management, simplified management and registration-based management of pollutant discharge permits based on factors such as the volume of pollutants generated and discharged by enterprises, public institutions and other production and business operators, as well as the degree of impact on the environment. Pollutant discharge entities subject to registration-based management are not required to apply for pollutant discharge permits.

Pursuant to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented from March 1, 2021, a pollutant discharge entity shall be subject to the administration of permitting of pollutant discharges by classification according to the factors including the volume of pollutants generated, the volume of discharge, and the impact on the environment.

Work Safety

Pursuant to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) promulgated on June 29, 2002, revised on June 10, 2021 and implemented on September 1, 2021, production and business operation entities shall establish, improve and implement a comprehensive responsibility system for work safety covering all employees, and establish work safety rules and regulations, increase investment in funds, materials, technology and personnel for work safety, and improve work safety conditions. Production and business operation entities shall provide work safety education and training to employees to ensure that employees possess the necessary knowledge of work safety, are familiar with relevant work safety rules and regulations and operating procedures, master the work safety operation skills for their respective positions, understand emergency response measures for accidents, and are aware of their rights and obligations with respect to work safety. Employees who have not passed work safety education and training shall not be allowed to take up their posts.

REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY AND PERSONAL INFORMATION PROTECTION

Pursuant to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網路安全法》) promulgated by the NPCSC on November 7, 2016, implemented on June 1, 2017, and revised on October 28, 2025 with effect from January 1, 2026, for the construction and operation of the network or the provision of services through the network, technical measures and other

necessary measures shall be taken in accordance with the provisions of laws and regulations and the compulsory requirements of national standards to ensure the safe and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data.

Pursuant to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the NPCSC on June 10, 2021 and implemented on September 1, 2021, the State establishes a data classification and grading protection system and implements classified and graded protection for data based on factors such as the importance of data to economic and social development. Entities engaging in data processing activities shall, in accordance with the provisions of laws and regulations, establish and improve end-to-end data security management systems, organize data security education and training, and adopt corresponding technical measures and other necessary measures to safeguard data security.

The CAC, together with other Chinese regulatory authorities, promulgated the Measures for Cybersecurity Review (《網路安全審查辦法》) on December 28, 2021, which came into effect on February 15, 2022. Pursuant to such measures, where critical information infrastructure operators procure network products or services, or network platform operators carry out data processing activities that affect or may affect national security, they shall be subject to cybersecurity review.

Pursuant to the Regulation on Network Data Security Management (《網路數據安全管理條例》) promulgated by the State Council on September 24, 2024 and implemented on January 1, 2025, where network data processors conduct network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant regulations. Where important data collected or generated by network data processors during their operations within the territory of the People's Republic of China is indeed required to be provided overseas, a data export security assessment organized by the national cyberspace administration authorities shall be conducted. Where network data processors identify and declare important data in accordance with relevant national regulations, but such data has not been notified by the relevant regions or departments or publicly released as important data, such data is not required to be submitted for data export security assessment as important data.

Pursuant to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人資訊保護法》) promulgated by the NPCSC on August 20, 2021 and implemented on November 1, 2021, the scope of personal information and the methods for processing personal information are stipulated, rules governing the processing of personal information and the provision of personal information to overseas recipients are established, and the rights of individuals and the obligations of processors in personal information processing activities are clarified.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademarks

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the NPCSC on August 23, 1982, revised on April 23, 2019 and implemented on November 1, 2019, the validity period of a registered trademark is ten years, commencing from the date of approval of registration. The registrant shall complete renewal formalities within twelve months prior to the expiration of the validity period. Where such formalities are not completed during such period, a grace period of six months may be granted. Where renewal formalities are not completed upon expiration, the registered trademark shall be canceled. Each renewal extends the validity period for ten years, commencing from the day following the expiration of the previous validity period of the trademark. Where renewal formalities are not completed upon expiration, the registered trademark shall be canceled. With respect to acts infringing upon the exclusive right to use a registered trademark, the administrative authorities for market regulation are entitled to investigate and handle such acts in accordance with the law; where a crime is suspected, the case shall be promptly transferred to the judicial authorities for handling.

Patents

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

Copyrights

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

In order to further implement the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, revised on January 30, 2013 and implemented on March 1, 2013, the National Copyright Administration promulgated the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on April 6, 1992, which were revised and implemented on February 20, 2002. Chinese citizens, legal persons or other organizations enjoy copyright in the software they develop, regardless of whether such software has been published. Software copyright owners may apply for registration with software registration institutions designated by the copyright administrative authority of the State Council. The registration certificates issued by software registration institutions constitute preliminary evidence of the registered matters. The National Copyright Administration is responsible for the administration of software copyright registration nationwide and has designated the China Copyright Protection Center as the software registration institution.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網功能變數名稱管理辦法》) promulgated by the MIIT on August 24, 2017 and implemented on November 1, 2017, the establishment within the territory of China of domain name root servers and domain name root server operating institutions, domain name registry operators and domain name registration service providers shall be subject to licensing by the MIIT or the communications administration authorities of the relevant provinces, autonomous regions or municipalities directly under the Central Government in accordance with such measures. Domain name registration services are, in principle, conducted on a "first-come, first-served" basis.

Regulations Relating to Import and Export

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the NPCSC on January 22, 1987, revised and implemented on April 29, 2021, the General Administration of Customs of the People's Republic of China is the State authority responsible for supervision and administration at entry and exit points. Customs exercises its various powers in accordance with relevant laws and administrative regulations. Consignees or consignors of imported or exported goods and customs declaration enterprises handling customs declaration formalities shall file records with Customs in accordance with the law. In addition, pursuant to the Provisions on the Recordation of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and implemented from January 1, 2022, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business.

Pursuant to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated and implemented by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023, consignees and consignors of imported and exported goods applying for recordation are required to obtain market entity qualifications and are no longer required to obtain recordation as foreign trade operators.

REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the NPCSC on July 5, 1994, revised and implemented on December 29, 2018, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the NPCSC on June 29, 2007, revised on December 28, 2012 and implemented on July 1, 2013, and the Regulation on the Implementation of the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated and implemented by the State Council on September 18, 2008, employers shall enter into written labor contracts with employees when establishing labor relationships. Wages paid shall not be lower than the applicable local minimum wage standards. Employers shall, in accordance with the law, establish and improve labor rules and regulations to safeguard employees' labor rights and ensure the performance of labor obligations.

Social Insurance

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the NPCSC on October 28, 2010, revised and implemented on December 29, 2018, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999, revised and implemented on March 24, 2019, employers shall contribute social insurance premiums for their employees, including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. Where an employer fails to pay social insurance premiums in full and on time, the social insurance premium collection authority shall order it to make payment or rectify within a prescribed time limit, and a late payment surcharge at the rate of 0.05% per day shall be imposed from the date the payment becomes overdue. Where payment is still not made upon expiry of the prescribed time limit, the relevant administrative authorities may impose a fine ranging from one to three times the amount in arrears.

Pursuant to the Reform Plan for the Collection and Administration System of State and Local Taxes (《國税地税徵管體制改革方案》) jointly issued by the General Office of the CPC Central Committee and the General Office of the State Council (the "General Office of the State Council") on July 20, 2018, tax authorities have been responsible for the collection of social insurance premiums in China since January 1, 2019. According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the State Taxation Administration on September 13, 2018, local authorities responsible for social insurance collection are not allowed to independently organize examinations or recovery of underpaid social insurance premiums for previous years. According to the Notice on Implementing Several Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued by the State Taxation Administration on November 16, 2018, tax authorities at all levels are prohibited from independently organizing the recovery of social insurance premiums in arrears from taxpayers, including private enterprises, for prior years. The Notice on Issuing the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》) promulgated by the General Office of the State Council on April 1, 2019 also emphasizes that local authorities shall not independently organize the recovery of historical underpayments of social insurance premiums from enterprises.

On July 31, 2025, the Supreme People's Court of China issued the Interpretation (II) on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《勞動爭議案件審判中法律適用問題的解釋(二)》), effective from September 1, 2025. Article 19(1) provides that any agreement between an employer and an employee, or any undertaking by an employee to the

employer, not to pay social insurance contributions shall be deemed invalid by the people's court. Furthermore, if an employer fails to pay social insurance contributions in accordance with the law and the employee requests to terminate the labor contract and seeks economic compensation pursuant to Article 38(3) of the Labor Contract Law of the People's Republic of China, the people's court shall grant such request in accordance with the law.

Housing Provident Fund

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, revised and implemented on March 24, 2019, employers shall register for housing provident fund contributions with the housing provident fund management center and, after approval by such center, complete the procedures for opening housing provident fund accounts for employees with the entrusted banks. Employers shall also make housing provident fund contributions for their employees in full and on time. Where an employer violates the foregoing provisions by failing to complete registration for housing provident fund contributions or failing to complete the procedures for opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to rectify within a prescribed time limit; where the employer fails to do so within such time limit, a fine ranging from RMB10,000 to RMB50,000 may be imposed. Where an employer fails to make housing provident fund contributions on time or makes underpayments, the housing provident fund management center is entitled to order it to make the required contributions within a prescribed time limit; where the employer still fails to do so upon expiry of such time limit, the housing provident fund management center may apply to the People's Court for compulsory enforcement.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) promulgated by the NPCSC on March 16, 2007, revised and implemented on December 29, 2018, and the Regulation on the Implementation of Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, revised on December 6, 2024 and implemented on January 20, 2025, resident enterprises are subject to enterprise income tax at a rate of 25% on all income derived from sources within and outside China. The State grants preferential enterprise income tax treatment to industries and projects that are key to national support and encouragement. State-supported high and new technology enterprises may enjoy a preferential enterprise income tax rate of 15%. In addition, eligible small and low-profit enterprises are entitled to certain preferential tax treatment.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), income derived from agricultural, forestry, animal husbandry, and fishery projects may be exempted from or subject to reduced enterprise income tax. Pursuant to the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), income from livestock and poultry breeding is exempt from enterprise income tax.

Pursuant to the Announcement on Extending the Enterprise Income Tax Policy for Western Development (《關於延續西部大開發企業所得稅政策的公告》), issued on April 23,2020, enterprises in encouraged industries located in western regions are subject to a reduced corporate income tax rate of 15%.

Value-added Tax

The Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) was promulgated by the NPCSC on December 25, 2024 and will come into effect on January 1, 2026. Pursuant to the Value-added Tax Law of the People's Republic of China, the value-added tax rate applicable to general value-added tax taxpayers engaged in the sale of goods, provision of services, leasing of tangible movable property or importation of goods has been adjusted to 13%, while the value-added tax rate applicable to general value-added tax taxpayers engaged in transportation services, postal services, basic telecommunications services, construction services, leasing and sale of immovable property and the transfer of land use rights has been adjusted to 9%.

Dividend Withholding Income Tax

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) promulgated by the NPCSC on September 10, 1980, revised on August 31, 2018 and implemented on January 1, 2019, and the Regulation on the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) promulgated by the State Council on January 28, 1994, revised on December 18, 2018 and implemented on January 1, 2019, dividends distributed by Chinese enterprises are subject to individual income tax at a uniform rate of 20%. With respect to non-China-resident foreign individuals who receive dividends from Chinese enterprises, unless otherwise provided by the competent finance and taxation authorities of the State Council, such dividends are generally subject to individual income tax at a rate of 20%. Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), the enterprise income tax rate is 25%. Where a non-resident enterprise has not established an institution or place of business within the territory of China, or where it has established such an institution or place of business but the income obtained has no actual connection with such institution or place of business, enterprise income tax shall be levied on income sourced within the territory of China, generally at a rate of 10%. Such enterprise income tax payable by non-resident enterprises shall be subject to withholding at source, with the payer acting as the withholding agent. The tax shall be withheld by the withholding agent from the payment or the amount payable at each payment or when the payment becomes due.

Pursuant to the Notice of the State Taxation Administration on Issues Concerning the Withholding and Payment of Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas H-share Non-resident Enterprise Shareholders (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) promulgated and implemented on November 6, 2008, where Chinese resident enterprises distribute dividends for 2008 and subsequent years to overseas H-share non-resident enterprise shareholders, enterprise income tax shall be uniformly withheld and paid at a rate of 10%.

Pursuant to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed and implemented by the State Taxation Administration and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the Mainland government may levy tax on dividends paid by Chinese resident enterprises to Hong Kong residents (including natural persons and legal entities), provided that such tax shall not exceed 10% of the gross amount of dividends payable by the Chinese resident enterprises, unless the relevant Hong Kong resident directly holds 25% or more of the equity interest in a Chinese resident enterprise, in which case such tax shall not exceed 5% of the gross amount of dividends payable by such Chinese resident enterprise.

REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated and implemented by the SAFE on December 26, 2014, domestic enterprises shall complete overseas listing registration with the local foreign exchange authority at their place of registration within 15 working days after completion of the overseas issuance. Funds raised by domestic companies from overseas listings may be remitted back to corresponding domestic dedicated accounts or retained in overseas dedicated accounts, and the use of such funds shall be consistent with the relevant information set out in the prospectus and other publicly disclosed documents.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (SAFE Circular 16) promulgated on June 9, 2016 and amended on December 4, 2023, enterprises registered in China may, at their discretion, convert foreign debts from foreign currencies into Renminbi. SAFE Circular 16 also provides a unified standard for voluntary foreign exchange settlement under capital account items (including but not limited to foreign exchange capital and foreign debt), which applies to all enterprises registered in China.

Pursuant to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) promulgated on April 3, 2024 and implemented on May 6, 2024, in principle, funds raised by domestic companies from overseas listings shall be timely repatriated to the PRC and may be repatriated in Renminbi or foreign currencies. The use of such funds shall be consistent with the relevant information set out in publicly disclosed documents, including the prospectus or offering circular for corporate bonds, shareholders' circulars, and resolutions of the board of directors or the shareholders' meeting. Where domestic companies use funds raised from overseas listings to conduct overseas direct investment, overseas securities investment, offshore lending or other activities, such activities shall comply with the relevant foreign exchange administration regulations. According to the Notice by the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), domestic enterprises raising funds through overseas listings are required to promptly remit the raised funds back to China. Where any portion of the funds is to be retained offshore for purposes such as overseas direct investment, overseas securities investment, or offshore lending, the relevant approval or filing documents from the competent regulatory authority must be obtained prior to the completion of the overseas listing or the exercise of any over allotment option. In such cases, the retention and use of funds offshore must also comply with applicable cross-border fund management regulations.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the Ministry of Commerce on September 6, 2014 and implemented on October 6, 2014, the Ministry of Commerce and the commerce authorities at the provincial level implement, respectively, record-filing administration and approval administration depending on the different circumstances of enterprises' overseas investments. Overseas investments by enterprises involving sensitive countries and regions or sensitive industries are subject to approval administration, while overseas investments in other circumstances are subject to record-filing administration.

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the National Development and Reform Commission on December 26, 2017 and implemented on March 1, 2018, domestic enterprises (or investment entities) conducting overseas investment shall perform the relevant procedures for approval or record-filing of overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope subject to approval administration covers sensitive projects directly carried out by investment entities or through overseas enterprises under their control, including projects involving sensitive countries and regions. The scope subject to record-filing administration covers non-sensitive projects directly carried out by investment entities, namely non-sensitive projects involving the direct contribution of assets or equity, or the provision of financing or guarantees by the investment entities.

REGULATIONS RELATING TO OVERSEAS LISTING FILING

Pursuant to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and the supporting guidelines promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas shall file with the CSRC within three working days after submitting the offering and listing application documents overseas. No overseas offering and listing shall be conducted under any of the following circumstances:

(I) Financing through listing is expressly prohibited by laws, administrative regulations or relevant rules of the state;

(II) The overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the law;

(III) A domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the economic order of the socialist market in the last three years;

(IV) A domestic enterprise is under formal investigation according to the law for being suspected of any crime or major violation of laws and regulations, but no clear conclusions have been made;

(V) There is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder or the actual controller.

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

Full Circulation of H Shares

On November 14, 2019, the CSRC issued the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (the "Full Circulation Guidelines"), pursuant to the Full Circulation Guidelines, subject to compliance with relevant laws and regulations as well as policies relating to the administration of state-owned assets, foreign investment and industry regulation, holders of domestic unlisted shares may independently negotiate and determine the number and proportion of shares to be circulated, and entrust the relevant H-share listed company to submit the filing for such full circulation application. An H-share listed company applying for full circulation shall submit its application to the CSRC in accordance with the administrative licensing procedures under the Overseas Listing Trial Measures (《境外上市試行辦法》).

OVERVIEW

We are a reputable dairy company in China, drawing on more than 30 years of deep industry experience. Our history can be traced back to 1995, when Mr. Wei, our executive Director, chairperson of the Board and a Controlling Shareholder, founded our businesses under the brand "Junlebao (君樂寶)". Through more than 30 years of development, we launched household products, achieved remarkable business expansion and attracted investments from renowned investment institutions. Today, we have grown into a nationwide dairy company with a comprehensive value chain and diversified product offerings.

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
1995	Our founder, Mr. Wei, introduced Junlebao Yogurt.
2000	Our Company was established in the PRC.
2007	We introduced the red date yogurt (紅棗酸奶).
2013	We introduced our premium yogurt brand, Purjoy (純享).
2014	We introduced our first infant formula product to the market.
	Our Junlebao formula factory was awarded the excellent level certification by the EU International Food Standard (IFS).
2015	Our Junlebao formula factory was awarded the A+ level certification (the highest grade under such Standard then applicable) under the BRCGS Global Standard for Food Safety, becoming the first formula factory to receive such award globally.
2016-2025	Our Junlebao formula factory was awarded the AA+ level certification under the BRCGS Global Standard for Food Safety, representing the highest grade under such standard.
2016	We launched Junlebao infant formula product in Hong Kong market.
2017	We introduced our sucrose-free yogurt brand, SimPurity (簡醇).
2018	We were awarded the Nomination Award of the Third China Quality Award (第三屆中國質量獎提名獎) by the SAMR.
	We were awarded the International Diamond Award for Excellence and Innovation in Quality Management (國際質量管理卓越和創新鑽石獎) by the international quality authority organization Business Initiative Directions (B.I.D) at the International Quality Summit (國際質量峰會).
2019	We introduced Freshjoy (悦鮮活), our premium fresh milk brand.
	Freshjoy (悦鮮活) was awarded the World Dairy Innovation Award — Best Technological Innovation Award (世界乳品創新獎—最佳工藝創新獎) at the Global Dairy Congress (全球乳製品大會).
2020	We introduced Youcui (優萃), our organic infant formula brand.

Time	Milestone
2021	Our Institute of Science-based Nutrition was established and commenced operations.
2022	SimPurity (簡醇) became the No. 1 low-temperature yogurt brand by retail value in China market, according to Frost & Sullivan.
2023	We completed the acquisition of regional dairy brands, Yinqiao (銀橋) and LESSON (來思爾).
2024	We became the official partner of ten Chinese national sports teams.
2025	Freshjoy (悦鮮活) became the No. 1 fresh milk brand by retail value in China market, according to Frost & Sullivan.

OUR MAJOR SUBSIDIARIES

Set forth below are details of our Major Subsidiaries which made a material contribution to our results of operations during the Track Record Period or of strategic importance, and Major Subsidiaries collectively covered all business segments of the Group. All of our major subsidiaries below were established in the PRC.

Name of subsidiary	Date of establishment	Principal businesses
Jiangsu Junlebao Dairy Co., Ltd. (江蘇君樂寶乳業有限公司)	March 8, 2004	Production and sale of dairy products
Shijiazhuang Yongsheng Dairy Co., Ltd. (石家莊永盛乳業有限公司)	September 25, 2007	Production and sale of dairy products
Banner Baby Dairy Co., Ltd. (旗幟嬰兒乳品股份有限公司)	February 26, 2013	Production and sale of dairy products
Hebei Junlebao Junyuan Dairy Co., Ltd. (河北君樂寶君源乳業有限公司)	September 5, 2014	Production and sale of dairy products
Zhengyang Junlebao Dairy Co., Ltd. (正陽君樂寶乳業有限公司)	September 30, 2015	Production and sale of dairy products
Weixian Junlebao Dairy Co., Ltd. (威縣君樂寶乳業有限公司)	January 11, 2018	Sale of dairy products
Hebei Leyuan Farming Co., Ltd. (河北樂源牧業有限公司)	August 16, 2013	Dairy farming
Leyuan Farming Weixian Co., Ltd. (樂源牧業威縣有限公司)	January 24, 2014	Dairy farming
Shijiazhuang Junchuang Farming Development Co., Ltd. (石家莊君創牧業發展有限公司)	September 23, 2019	Dairy farming
Zhangjiakou Junlebao Banner Farming Co., Ltd. (張家口君樂寶旗幟牧業有限公司)	November 1, 2020	Dairy farming
Hebei Junnong Feed Co., Ltd. (河北君穠飼料有限公司)	September 4, 2020	Sale of feed
Hebei Derong Plastic Packaging Products Co., Ltd. (河北德容塑料包裝製品股份有限公司)	November 23, 2012	Production and sale of packaging materials

The Company held majority equity interests in the above major subsidiaries throughout the Track Record Period. See "Appendix IV — Statutory and General Information — Changes in the Share Capital of our Major Subsidiaries" for more details on the share capital changes of the major subsidiaries.

MAJOR SHAREHOLDING CHANGES IN THE COMPANY

(1) Early history

Our businesses can be tracked back to 1995, when Junlebao Yogurt was introduced by our founder, Mr. Wei, and operated by Shijiazhuang Junlebao Dairy Company (石家莊市君樂寶乳品公司) ("**Junlebao Dairy Company**"), a company then held by Mr. Wei and his relatives and deregistered in 2019. Our Company was established in the PRC on April 21, 2000 and was jointly held as to (i) 33% by Junlebao Dairy Company, (ii) 34% by Shijiazhuang Sanlu Group Co., Ltd. (石家莊三鹿集團股份有限公司) ("**Sanlu Group**"), an Independent Third Party save for its shareholding in our Company, and (iii) 33% by Shijiazhuang Hongqi Dairy Factory (石家莊紅旗乳品廠) ("**Hongqi Dairy Factory**"), a collective ownership enterprise (集體所有制企業) and an Independent Third Party save for its shareholding in our Company, respectively. In December 2004, Junlebao Dairy Company transferred the entire equity interests it held in our Company to Mr. Wei.

In December 2008, Mr. Wei subscribed for an additional registered capital of RMB26.23 million in the Company at a consideration of RMB50.56 million. Later in April 2009, in the course of the bankruptcy of Sanlu Group, 16.97% equity interests held by Sanlu Group in our Company was acquired by Mr. Wei by way of public auction at a consideration of RMB25 million. After the aforementioned increase of registered share capital and share transfer, our Company was owned as to 83.53% by Mr. Wei and 16.47% by Hongqi Dairy Factory, respectively.

In December 2010, Mr. Wei and Hongqi Dairy Factory transferred an aggregate of 51% equity interest they held in the Company to Inner Mongolia Mengniu Dairy (Group) Co., Ltd. (內蒙古蒙牛乳業(集團)股份有限公司) ("**Mengniu Dairy Group**"), a subsidiary of China Mengniu Dairy Company Limited, a company listed on the Stock Exchange (stock code: 2319.hk), at a consideration of RMB469.2 million, which was settled on December 10, 2010. In December 2019, due to the business strategy adjustment of Mengniu Dairy Group, Mengniu Dairy Group transferred all equity interest it held in the Company to two investment institutions who are Independent Third Parties.

(2) Pre-[REDACTED] Investments

From March 2020 to December 2025, there were several capital increase and equity transfers conducted by or among our Pre-[**REDACTED**] Investors. For further details, please refer to "— Pre-[**REDACTED**] Investments" below.

(3) Conversion into a joint stock company with limited liability

On November 21, 2023, our then Shareholders resolved to approve the conversion of our Company from a limited liability company into a joint stock company with limited liability. Upon completion of such conversion on December 15, 2023 and as of the Latest Practicable Date, the registered capital of our Company was RMB720 million.

As advised by our PRC Legal Advisor, all share transfers above have complied with all then applicable PRC laws and regulations in all material respects.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Lehui Ruisheng, Yuehui Xinghong, Yuehui Xinghong I, Zhenlecheng and Zhenlecheng XII were established as our employee incentive platforms ("**Employee Incentive Platforms**") in the PRC. Each of the Employee Incentive Platforms was managed by Lehui

Consulting as its general partner and Lehui Consulting is held by Mr. Wei as to 99% and Mr. Liu Senmiao, our executive Director, as to 1%. As of the Latest Practicable Date, there were no outstanding share awards or options under the employee incentive plans and all of the share awards granted under the Company's employee incentive plans have been vested, and as a result, the grantees held the partnership interest in the respective Employee Incentive Platforms directly or indirectly. All of the partnership interests of the Employee Incentive Platforms were granted and held by employees of the Group. We set forth below the respective equity interests held by (i) Mr. Wei and his family, (ii) the Company's directors and senior management, and (iii) employees and/or entities ultimately controlled by them, as limited partners in each of the Employee Incentive Platforms:

Name of the Employee Incentive Platforms	Interests held by Mr. Wei and his family	Interests held by other Directors and senior management of the Company	Interests ultimately held by other employees of the Company
Lehui Ruisheng	99.99%	0.01%	–
Yuehui Xinghong	5.15%	20.76%	74.09%
Yuehui Xinghong I	7.67%	39.54%	52.79%
Zhenlecheng	7.04%	25.49%	67.47%
Zhenlecheng XII	–	6.64%	93.36%

For details of the partnership interest held by the Directors, senior management and the connected persons at the Company level, see "Appendix IV — Statutory and General Information — Employee Incentive Platforms" to this Document.

A-SHARE LISTING ATTEMPT

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

Our Directors are also of the view that (i) there are no material matters in relation to the A-share Listing Preparation that will affect the suitability of our Company for the [**REDACTED**] on the Stock Exchange in any material respect, and (ii) there are no other matters in relation to the A-share Listing Preparation that should be brought to the attention of the potential [**REDACTED**] and the Stock Exchange. Based on the independent due diligence work performed, nothing has come to the attention of the Joint Sponsors that would cause them to cast doubt on the Directors' views in any material respects.

Having taken into account our long-term business development plan and financing needs for our further development, and to further expand our global business and considering that the Stock Exchange would provide us with an international platform to access international capital and attract diverse overseas investors, we voluntarily decided to pursue a [**REDACTED**] in Hong Kong. Our Directors confirm that, to their best knowledge, there are no matters relating to the A-Share listing attempt which are material to the [**REDACTED**] and are necessary to be disclosed in this Document for [**REDACTED**] to form an informed assessment of our Company, and the Joint Sponsors are not aware of any other matters that would cause them to disagree with the foregoing views of the Directors in any material respect.

PRE-[REDACTED] INVESTMENTS

Overview

We have undergone the following rounds of Pre-[**REDACTED**] Investments, details of which are set forth below.

No.	Form of Investment	Date of agreement	Date of settlement	Total consideration	Cost per Share[(1)]	[REDACTED] to the [REDACTED][(2)]
				(approximation)	*(approximation)*	*(approximation)*
1 . . .	Equity transfer among existing Shareholders[(3)]	December 27, 2019	March 23, 2020	RMB1,908 million	RMB13.76	[**REDACTED**]%
2 . . .	Equity transfer among existing Shareholders[(4)]	June 15, 2020	June 19, 2020	RMB2,100 million	RMB12.98	[**REDACTED**]%
3 . . .	Equity transfer among existing Shareholders[(5)]	November 22, 2021	May 31, 2021	RMB27 million	RMB15.55	[**REDACTED**]%
4 . . .	Subscription of registered share capital[(6)]	December 6, 2021	September 23, 2021	RMB100 million	RMB16.23	[**REDACTED**]%
5 . . .	Equity transfer among existing Shareholders[(7)]	June 30, 2023	December 8, 2023	RMB1,524 million	RMB31.18	[**REDACTED**]%
6 . . .	Equity transfer among existing Shareholders[(8)]	December 21, 2025	December 24, 2025	RMB1,073 million	RMB22.72	[**REDACTED**]%

Notes:

(1) The cost per Share paid by the Pre-[**REDACTED**] Investors was calculated based on the amount of investment made by the relevant Pre-[**REDACTED**] Investors and number of Shares held by them immediately before the completion of the [**REDACTED**], which was adjusted to reflect the subsequent conversion of capital reserve to registered share capital of our Company.

(2) The [**REDACTED**] to the [**REDACTED**] is calculated based on the assumption that the mid-point of the indicative [**REDACTED**] range and the exchange rates as set out in this Document.

(3) Pursuant to the respective equity transfer agreements, Shijiazhuang Junqian Enterprise Management Co., Ltd. (石家莊君乾企業管理股份有限公司) ("**Junqian EM**"), an affiliate of Hai Nan Jun Shi (as defined below), transferred the relevant equity interest it held in our Company to Ningbo Tanzhi, Zhuhai Yuanheying, Yangfu Shijiazhuang and Ningbo Xinglong (as defined below).

(4) Pursuant to the respective share transfer agreements, Shijiazhuang Penghai Venture Capital Fund (Limited Partnership) (石家莊鵬海創業投資基金(有限合夥)) ("**Penghai VC**") transferred all the equity interest it held in our Company to Mr. Wei, Chunhua Penghai Shaojing, Qiushi Xingde, Ping An Consumer and Bamao Investment (as defined below), respectively, who were also the then indirect investors of Penghai VC (collectively, the "**Shareholders**"). The seemingly slight decrease of the share price of such share transfers from the immediate previous round of Pre-[**REDACTED**] Investment was due to the nature of internal restructuring of this round of share transfers to convert the Penghai Shareholders' indirect interests in our Company held through Penghai VC into direct shareholdings of our Company, with the consideration determined by reference to their respective original capital contributions to Penghai VC.

(5) Pursuant to the relevant share transfer agreement, Junqian EM further transferred the relevant equity interest it held in our Company to Runde Zhiying II. The significant increase of the share price of such share transfers from the immediate previous round of Pre-[**REDACTED**] Investment was primarily due to the continuous and rapid growth of our business expansion and performance.

(6) Pursuant to the relevant share purchase agreement, Bojia Sanbao (as defined below) subscribed for relevant Shares by way of capital injection. The increase of the share price of such subscription from the immediate previous round of Pre-[**REDACTED**] Investment was primarily due to the arm's length negotiations between the parties and the premium typically associated with a direct capital injection (primary issuance) compared to a secondary share transfer.

(7) Pursuant to the respective equity transfer agreements, Hongqi Dairy Factory transferred all the equity interest it held in our Company to 26 investors including, among others, Bojia Hengxin, Bojia Yikai, Bojia Simei, Shenzhen Meiyu, Gongqingcheng Junmei, Gongqingcheng Kemei, Gongqingcheng Demei, Rural Industry Investment, Suzhou Houqi and Haisi Houjiu (as defined below). The increase of the share price of such share transfers were primarily due to arm's length negotiation among parties, along with the overall trend in the capital market and the valuation benchmarks in related markets, considering our business development and market performance.

(8) Pursuant to the respective equity transfer agreements, Ningbo Tanzhi, Chunhua Shaojing, Qiushi Xingde, Zhuhai Yuanheying, Yangfu Shijiazhuang, Ping An Consumer and Bamao Investment (as defined below) transferred part of the Shares they held in our Company to 25 investors including, among others, Goldstone Growth, Maotai Goldstone, Gongqingcheng Jinlang, Gongqingcheng Fuman and Haisi Houjiu (as defined below). The decrease of share price of such share transfers were primarily due to arm's length negotiations among relevant parties, taking into consideration the business development and financial performance of our Group. While acknowledging our Group's improved financial performance, the pricing was also constrained by prevailing macroeconomic headwinds and cautious investor sentiment. Specifically, the slowdown in revenue growth for low-temperature yogurt and the revenue declines in formula and ambient liquid dairy products led to a deceleration in our overall revenue and profit growth in 2025.

Other Principal Terms of the Pre-[REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each round of the Pre-[**REDACTED**] Investments were determined based on arm's length negotiations amongst the Pre-[**REDACTED**] Investors and our Group, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business.
Lock-up period	Pursuant to PRC Company Law, Shares issued by our Company prior to the [**REDACTED**] (including those held by the Pre-[**REDACTED**] Investors) will be subject to a lock-up period of one year from the [**REDACTED**].
Use of proceeds from the Pre-[**REDACTED**] Investments	We have utilized the proceeds from the Pre-[**REDACTED**] Investments for the principal business of our Group, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all of the funds raised from the Pre-[**REDACTED**] Investments have been utilized.
Strategic benefits to our Company brought by the Pre-[**REDACTED**] Investors	At the time of the relevant Pre-[**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investments in our Group and the knowledge and experience of the Pre-[**REDACTED**] Investors in the industry. The Pre-[**REDACTED**] Investments demonstrated the Pre-[**REDACTED**] Investors' confidence in the operation and development of our Group.

Special Rights of the Pre-[REDACTED] Investors

Historically, certain Pre-[**REDACTED**] Investors were granted certain special rights. The status of these rights is as follows:

(i) the redemption rights, liquidation preferences and anti-dilution rights granted by the Company have been terminated and canceled permanently pursuant to a supplemental agreement in November 2023;

(ii) the redemption rights granted by Mr. Wei to certain Pre-[**REDACTED**] Investors have been suspended before the first filing of the [**REDACTED**] application by our Company with the Stock Exchange, pursuant to a supplemental agreement entered into in December 2025 ("**2025 Supplemental Agreement**") to a shareholders' agreement in December 2025 (the "**2025 Shareholders' Agreement**"); and

(iii) all other special rights, including information rights, inspection rights, pre-emptive rights, director nomination rights granted by the Company and anti-dilution rights and tag-along rights granted by Mr. Wei, to certain investors, were either terminated upon the execution of the 2025 Shareholders' Agreement, or will be terminated upon [**REDACTED**].

With respect to the redemption rights granted by Mr. Wei to certain Pre-[**REDACTED**] Investors, (i) the Company did not provide any guarantee, (ii) there is no side agreement, and (iii) it was only granted by Mr. Wei rather than the Company and no financial liability regarding such redemption rights was recorded during the Track Record Period. See Note (VI) 37 to "Appendix I — Accountants' Report" to this Document.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was settled more than 120 clear days before the [**REDACTED**], (ii) the special rights granted to the Pre-[**REDACTED**] Investors as disclosed in "— Special Rights of the Pre-[**REDACTED**] Investors" above have been and/or will be terminated upon [**REDACTED**], and (iii) the redemption rights granted by Mr. Wei to certain Pre-[**REDACTED**] Investors have been suspended before the first filing of the [**REDACTED**] application by our Company with the Stock Exchange, the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information of Our Pre-[REDACTED] Investors

Set forth below are details for each of our major Pre-[**REDACTED**] Investors with a shareholding of 1% or above in our Company who, together with our Controlling Shareholders, collectively held more than 90% in our Company as of the Latest Practicable Date. Save for He Xiaomei and Wei Keyao and as disclosed below, to the best knowledge of our Company, each of our Pre-[**REDACTED**] Investors and their respective ultimate beneficial owners, their respect general partners, limited partners or shareholders holding 30% or more of the partnership interest, is an Independent Third Party.

HongShan

Ningbo Tanzhi Enterprise Management Consulting Partnership (Limited Partnership) (寧波探智企業管理諮詢合夥企業(有限合夥)) ("**Ningbo Tanzhi**") is a limited partnership established in the PRC, whose general partner is Jiaxing HongShan Kunsheng Investment Management Partnership Enterprise (Limited Partnership) (嘉興紅杉坤盛投資管理合夥企業(有限合夥)) ("**HongShan Kunsheng**"). None of the limited partners of Ningbo Tanzhi hold 30% or more of its partnership interests therein. The general partner of HongShan Kunsheng is Ningbo Meishan Bonded Port HongShan Huanjia Investment Management Co., Ltd. (寧波梅山保税港區紅杉桓嘉投資管理有限公司) ("**HongShan Huanjia**"), which is ultimately controlled by Mr. Zhou Kui (周逵). HongShan is a leading venture capital and private equity firm investing across technology, healthcare and consumer sectors. Founded in 2005, HongShan has nurtured entrepreneurship and innovation, backing more than 1,700 companies.

Primavera Capital Group

Chunhua Shaojing (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership) (春華韶景(天津)股權投資合夥企業(有限合夥)) ("**Chunhua Shaojing**") is a limited partnership established in the PRC, whose general partner is Chunhua Mingde (Tianjin) Equity Investment Management Partnership Enterprise (Limited Partnership) (春華明德(天津)股權投資管理合夥企業(有限合夥)) ("**Chunhua Mingde**"). The sole limited partner of Chunhua Shaojing is Primavera Capital Fund III L.P. holding 99.96% of its partnership interests, which is controlled by its general partner Primavera Capital GP III Ltd. Primavera Capital III Ltd. is ultimately controlled by Fred Zuliu Hu. The general partner of Chunhua Mingde is Chunhua (Tianjin) Equity Investment Management Co., Ltd. (春華(天津)股權投資管理有限公司), holding approximately 96.76% of its partnership interests therein, and is wholly owned by Hu Yuanman (胡元滿).

Qiushi Xingde (Tianjin) Investment Center (Limited Partnership) (秋實興德(天津)投資中心(有限合夥)) ("**Qiushi Xingde**") is a limited partnership established in the PRC with Qiushi (Tianjin) Equity Investment Management Partnership (Limited Partnership) (秋實(天津)股權投資管理合夥企業(有限合夥)) ("**Qiushi Tianjin**") as its general partner. The limited partners of Qiushi Xingde who holds 30% or more of the partnership interests therein include Primavera Xingkang (Tianjin) Investment Center (Limited Partnership) (春華興康(天津)投資中心(有限合夥)) and Primavera Xing'an (Tianjin) Investment Center (Limited Partnership) (春華興安(天津)投資中心(有限合夥)), holding approximately 66.37% and 33.59% partnership interests, respectively, and each being a limited partnership established in the PRC with Qiushi Tianjin being its general partner. The general partner of Qiushi Tianjin is Chunhua Qiushi (Tianjin) Equity Investment Management Co., Ltd. (春華秋實(天津)股權投資管理有限公司) holding approximately 83.33% of its partnership interests therein and is wholly owned by Mingde Chunhua (Tianjin) Asset Management Co., Ltd. (明德春華(天津)資產管理有限公司), which is in turn owned as to 99.95% of its equity interests by Hu Yuanman.

Both Chunhua Shaojing and Qiushi Xingde are investment vehicles of Primavera Capital Group. Primavera Capital Group is primarily engaged in investments in the fields of consumer and retail, technology, energy transition, healthcare, advanced manufacturing, business services, and financial services.

Ping An Capital

Tianjin Ping An Consumer Technology Investment Partnership (Limited Partnership) (天津市平安消費科技投資合夥企業(有限合夥)) ("**Ping An Consumer**") is a limited partnership established in the PRC. The general partner of Ping An Consumer is Shenzhen Ping An Decheng Investment Co., Ltd. (深圳市平安德成投資有限公司) ("**Ping An Decheng**"), which is indirectly wholly owned by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("**Ping An Group**"), a company listed on the Shanghai Stock Exchange (stock code: 601318.sh) and the Stock Exchange (stock code: 2318.hk). Except for Ping An Wealth Management Co., Ltd. (平安財富理財管理有限公司) holding approximately 52.92% of its partnership interests, which is wholly owned by Ping An Decheng, none of other limited partners of Ping An Consumer holds 30% or more of its partnership interests therein.

Shanghai Bamao Investment Management Partnership Enterprise (Limited Partnership) (上海巴貿投資管理合夥企業(有限合夥)) ("**Bamao Investment**") is a limited partnership established in the PRC. The general partner of Bamao Investment is Ping An Decheng, holding approximately 0.19% of its partnership interests therein. Bamao Investment is owned as to approximately 96.90% by Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), which is in turn owned as to approximately 99.55% by Ping An Group.

Ping An Capital is a leading private equity investment institution in China. As the core equity investment platform of Ping An Group, it focuses on the sectors of technology and advanced manufacturing, dual carbon and green energy, information technology and services, and healthcare, while implementing diverse strategies including domestic M&A, outsourced FOF/S funds, new infrastructure investment, and equity method investment in listed companies. By leveraging the extensive resources within Ping An Group's ecosystem, Ping An Capital actively empowers its portfolio companies.

Rural Industry Investment

Central Enterprise Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) ("**Rural Industry Investment**") is a limited company established in the PRC and is ultimately controlled by SASAC of the State Council. None of the shareholders of Rural Industry Investment holds 30% or more of its equity interests therein. Rural Industry Investment is also interested in the Company through Yangfu (Shijiazhuang) Dairy Equity Investment Center (Limited Partnership) (央扶(石家莊)乳業股權投資中心(有限合夥)) ("**Yangfu Shijiazhuang**").

Yangfu Shijiazhuang is a limited partnership established in the PRC on October 11, 2017, and is primarily engaged in enterprise investment. The general partner of Yangfu Shijiazhuang is Hebei Jiantou Chuangfa Private Equity Investment Fund Management Co., Ltd. (河北建投創發私募股權投資基金管理有限公司) ("**Hebei Jiantou**"), holding approximately 1.00% of its partnership interests therein, which is in turn owned as to (i) 70.00% by Maotian Capital Co., Ltd. (茂天資本有限責任公司), which is indirectly wholly owned by State-owned Assets Supervision and Administration Commission of Hebei Provincial People's Government (河北省人民政府國有資產監督管理委員會); and (ii) 30.00% by Western Advanced Technology Achievement Transformation (Chengdu) Co., Ltd. (西部先進技術成果轉化(成都)有限責任公司), which is wholly owned by Western Transformation Center of Advanced Technological Achievements (先進技術成果西部轉化中心), a PRC governmental entity in Sichuan Province. The sole limited partner of Yangfu Shijiazhuang is Rural Industry Investment, holding approximately 99.00% of its partnership interests.

Bojia Capital

Each of Zhangjiagang Bojia Yikai Venture Capital Partnership (Limited Partnership) (張家港博佳翼開創業投資合夥企業(有限合夥)) ("**Bojia Yikai**"), Tianjin Bojia Sanbao Equity Investment Fund Partnership (Limited Partnership) (天津博佳三寶股權投資基金合夥企業(有限合夥)) ("**Bojia Sanbao**"), Tianjin Bojia Hengxin Equity Investment Fund Partnership (Limited Partnership) (天津博佳恒新股權投資基金合夥企業(有限合夥)) ("**Bojia Hengxin**") and Tianjin Bojia Simei Equity Investment Fund Partnership (Limited Partnership) (天津博佳四美股權投資基金合夥企業(有限合夥)) ("**Bojia Simei**") is a limited partnership established in the PRC with Beijing Bojia Private Equity Management Co., Ltd. (北京博佳私募基金管理有限公司) ("**Bojia Capital**") being its general partner. Bojia Capital is a limited company established in the PRC, primarily engaged in investment management, and is directly and indirectly owned as to 99.92% by Tian Bo (田博).

None of the limited partners of Bojia Yikai, Bojia Sanbao and Bojia Hengxin hold 30% or more of its partnership interests therein, respectively. Bojia Simei has three limited partners, including (i) Liu Miao (柳淼) holding approximately 47.89% of its partnership interests; (ii) Sealand Securities Investment Co., Ltd. (國海證券投資有限公司), holding approximately 42.69% of its partnership interests, which is wholly owned by Sealand Securities Co., Ltd. (國海證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000750.sz); and (iii) an Independent Third Party.

Founded in 2017 by investment banking professionals, Bojia Capital is an advanced private equity institution dedicated to pure investment. With expertise in private equity, investment banking, transnational enterprise management and M&A, Bojia Capital is committed to empowering promising enterprises in the following sectors: Consumer/Retail, Clean Tech/Energy, New Material, Advanced Manufacturing, TMT, Intelligent Tech, etc.

Zhuhai Yuanheying

Zhuhai Yuanheying Investment Partnership Enterprise (Limited Partnership) (珠海遠和盈投資合夥企業(有限合夥)) ("**Zhuhai Yuanheying**") is a limited partnership established in the PRC, with its general partner being Zhuhai Gaoling Tiancheng II Investment Management Co., Ltd. (珠海高瓴天成二期投資管理有限公司). The principal business of Zhuhai Yuanheying is investments. The limited partners of Zhuhai Yuanheying are private equity funds managed by Zhuhai Gao Ling Private Fund Management Co., Ltd. (珠海高瓴私募基金管理有限公司) ("**Zhuhai Gao Ling**"), a fund manager registered with Asset Management Association of China (AMAC). Zhuhai Gao Ling collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across healthcare, business services, consumer, and industrial sectors. None of the ultimate beneficial owners of Zhuhai Yuanheying holds 30% or more of the partnership interests therein.

Hosen Capital

Each of Suzhou Houqi Equity Investment Center (Limited Partnership) (蘇州厚齊股權投資中心(有限合夥)) ("**Suzhou Houqi**") and Quanzhou Haisi Houjiu Equity Investment Partnership Enterprise (Limited Partnership) (泉州海絲厚玖股權投資合夥企業(有限合夥)) ("**Haisi Houjiu**") is a limited partnership established in the PRC, with Beijing Hosen Capital Management Center (Limited Partnership) (北京厚生投資管理中心(有限合夥)) ("**Hosen Capital**") being its general partner. Except for Suzhou Houqi Zhengde Equity Investment Center (Limited Partnership) (蘇州厚齊正德股權投資中心(有限合夥)) ("**Houqi Zhengde**"), holding approximately 67.00% of the partnership interests in Suzhou Houqi, with Hosen Capital also being its general partner, none of the other limited partners of Suzhou Houqi hold 30% or more of its partnership interests therein. None of the limited partners of Haisi Houjiu or Houqi Zhengde hold 30% or more of its partnership interests therein. Hosen Capital is a limited partnership established in the PRC, whose general partner is Zhuhai Housheng Xinhe Enterprise Management Partnership (Limited Partnership) (珠海厚生信合企業管理合夥企業(有限合夥)), which is ultimately controlled by Mr. Wang Hang (王航).

Hosen Capital is owned as to 58.40% by Shanghai Houshengxin Xinhehe Enterprise Management Consulting Center (Limited Partnership) (上海厚生信新和合企業管理諮詢中心(有限合夥)) ("**Shanghai Houshengxin**"), and 39.60% by Lhasa Economic and Technological Development Zone Xindi Industrial Co., Ltd. (拉薩經濟技術開發區新地實業有限公司) ("**Lhasa Xindi**"). Lhasa Xindi is a limited liability company established in the PRC and is indirectly wholly owned by New Hope Asia Pacific Investment Holdings Limited, which is owned as to 99.25% by Lhasa Economic and Technological Development Zone New Hope Investment Co., Ltd. (拉薩經濟技術開發區新希望投資有限公司), which is in turn ultimately controlled by Mr. Liu Yonghao (劉永好). Shanghai Houshengxin is a limited partnership whose general partner is Mr. Yang Jianxin (楊建新) and none of its limited partners holds 30% or more of its partnership interests therein.

Hosen Capital is a private equity investment firm established in 2010. The Suzhou Houqi and Haisi Houjiu funds as initiated and raised by Hosen Capital focus mainly on food brands, food supply chains and consumer-related enterprises. The invested and listed portfolios include well-known companies such as Dekon Food And Agriculture Group and Shandong Xinjufeng Technology Packaging.

Wumart United Investment and Wumart Tongda

Gongqingcheng Kemei: Gongqingcheng Kemei Venture Capital Partnership (Limited Partnership) (共青城科美創業投資合夥企業(有限合夥)) ("**Gongqingcheng Kemei**") is a limited partnership established in the PRC with Beijing Wumart United Investment Management Co., Ltd. (北京物美聯合投資管理有限公司) ("**Wumart United Investment**") being its general partner. Wumart United Investment is a limited company established in the PRC. Except for Zhang Bin (張斌), holding 60% of its equity interests therein, none of the other shareholders of Wumart United Investment holds 30% or more of its equity interests therein. The sole limited partner of Gongqingcheng Kemei is Shanghai Yupei (Group) Co., Ltd. (上海宇培(集團)有限公司), holding 99.99% of its partnership interests therein, a company indirectly wholly owned by Li Shifa (李士發).

Gongqingcheng Junmei: Gongqingcheng Junmei Venture Capital Partnership (Limited Partnership) (共青城君美創業投資合夥企業(有限合夥)) ("**Gongqingcheng Junmei**") is a limited partnership established in the PRC with Wumart United Investment being its general partner. Except for Tianjin Yilong Internet Investment Management Co., Ltd. (天津藝龍互聯投資管理有限公司), an indirectly wholly owned subsidiary of Tongcheng Travel Holdings Limited, a company listed on the Stock Exchange (stock code: 780.hk), holding approximately 37.38% of its partnership interests therein, none of the other limited partners, none of whom holds 30% or more of its partnership interests therein.

Shenzhen Meiyu: Shenzhen Meiyu Times Investment Partnership (Limited Partnership) (深圳美瑜時代投資合夥企業(有限合夥)) ("**Shenzhen Meiyu**") is a limited partnership established in the PRC, whose general partner is also Wumart United Investment. None of the limited partners of Shenzhen Meiyu holding 30% or more of its partnership interests therein.

Gongqingcheng Demei: Gongqingcheng Demei Venture Capital Partnership (Limited Partnership) (共青城德美創業投資合夥企業(有限合夥)) ("**Gongqingcheng Demei**") is a limited partnership established in the PRC, whose general partner is Zhuhai Hengqin Wumart Tongda Private Equity Investment Management Co., Ltd. (珠海橫琴物美通達私募基金投資管理有限公司) ("**Wumart Tongda**"). Except for Beijing Xinda Tongshang Investment Management Co., Ltd. (北京新達通商投資管理有限公司), a company wholly owned by Zhang Bin and holding 36.00% of its equity interests, none of its other shareholders holds 30% or more of its equity interests therein. The sole limited partner of Gongqingcheng Demei is Qingdao Qingfa Jinze Investment Co., Ltd. (青島青發金澤投資有限公司), holding 99.98% of its partnership interests therein, which is indirectly wholly-owned by Qingdao Qianwan Bonded Port Area (China (Shandong) Pilot Free Trade Zone, Qingdao Area) Management Committee, Department of Finance (青島前灣保稅港區[中國(山東)自由貿易試驗區青島片區]管理委員會財政金融部).

Wumart United Investment is the investment arm of Wumart Group. Leveraging the industrial resources of Wumart Group, Wumart United Investment conducts empowerment-driven investments and strategically builds an ecosystem encompassing new consumption, digital retail, retail technology, and smart logistics.

Nanjing Hongzhang and Shanghai Hongzhiyue

Nanjing Hongzhang Equity Investment Partnership (Limited Partnership) (南京弘章股權投資合夥企業(有限合夥)) ("**Nanjing Hongzhang**") is a limited partnership established in the PRC, the general partner of which is Shanghai Hongzhang Investment Management Co., Ltd. (上海弘章投資管理有限公司) ("**Shanghai Hongzhang**"), which is owned as to 99.00% by Weng Yinuo (翁怡諾). Except for Shanghai Hongzhuo Venture Capital Partnership (Limited Partnership) (上海弘卓創業投資合夥企業(有限合夥)) ("**Shanghai Hongzhuo**") with Shanghai Hongzhang being its general partner, holding approximately 35.82% of the partnership interests of Nanjing Hongzhang, none of the other limited partners of Nanjing Hongzhang holds 30% or more of its partnership interest therein. With respect to Shanghai Hongzhuo, except for Jiangyin Heilan Investment Co., Ltd. (江陰海瀾之家投資有限公司), a wholly-owned subsidiary of HLA Group Corp., Ltd. (海瀾之家集團股份有限公司) which is listed on the Shanghai Stock Exchange (stock code: 600398.sh), holding approximately 33.27% of its partnership interests therein, none of the other limited partners of Shanghai Hongzhuo holds 30% or more of its partnership interest therein.

Shanghai Hongzhiyue Industrial Co., Ltd. (上海弘郅悦實業有限公司) ("**Shanghai Hongzhiyue**") is indirectly wholly owned by Ultra Epoch Limited, which is owned as to 79.30% by Charisma Partner Consumer Fund II, L.P. ("**Charisma Partners**"), an exempt limited partnership established under the laws of the Cayman Islands. The general partner of Charisma Partners is Charisma Partner Consumer Fund GP, Ltd, which is also ultimately controlled by Weng Yinuo. None of the limited partners of Charisma Partners hold 30% or more of the interests therein.

Goldstone Growth and Maotai Goldstone

Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) (金石成長股權投資(杭州)合夥企業(有限合夥)) ("**Goldstone Growth**") is a limited partnership established in the PRC with CITIC Goldstone Investment Co., Ltd. (中信金石投資有限公司) ("**CITIC Goldstone**"), a wholly-owned subsidiary of CITIC Securities Co., Ltd. (中信證券股份有限公司), a company listed on the Stock Exchange (stock code: 6030.hk) and Shanghai Stock Exchange (stock code: 600030.sh), being its general partner. None of the limited partners of Goldstone Growth holds 30% or more of its partnership interests therein.

Maotai Goldstone (Guizhou) Biotechnology Industry Fund Limited Partnership (Limited Partnership) (茅臺金石(貴州)生物科技產業基金合夥企業(有限合夥)) ("**Maotai Goldstone**") is a limited partnership established in the PRC with (i) CITIC Goldstone and (ii) Moutai (Guizhou) Private Equity Fund Management Co., Ltd. (茅臺(貴州)私募基金管理有限公司) ("**Moutai PE**") being its general partners. Moutai PE is a company owned as to 80.10% by China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅臺酒廠(集團)有限責任公司), which is in turn owned as to 90% by State-owned Assets Supervision and Administration Commission of Guizhou Province (貴州省人民政府國有資產監督管理委員會). Except for Maotai Goldstone (Guizhou) Industry Development Fund Partnership (Limited Partnership) (茅臺金石(貴州)產業發展基金合夥企業(有限合夥)) ("**Maotai Goldstone Industry**") holding 79.90% of its partnership interests, none of the other limited partners of Maotai Goldstone holds 30% or more of its partnership interests therein. Maotai Goldstone Industry is a limited partnership with CITIC Goldstone and Moutai PE being its general partners, and Kweichow Moutai Co., Ltd. (貴州茅臺酒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600519.sh), being its sole limited partner.

CITIC Goldstone, a wholly-owned private equity subsidiary of CITIC Securities Co., Ltd, was established in 2007 as one of the first firms approved by the CSRC to conduct direct investment pilot operations. As a leading private equity investment management institutions in China, CITIC Goldstone adheres to an investment philosophy centered on professionalism, technology, growth, and prudence. Committed to advancing national strategies and fostering corporate innovation, CITIC Goldstone offers investors a diverse range of financial products and delivers comprehensive financial services, including equity financing and M&A financing to enterprises.

Jinding Capital

Each of Gongqingcheng Fuman Venture Capital Partnership (Limited Partnership) (共青城福滿創業投資合夥企業(有限合夥)) ("**Gongqingcheng Fuman**") and Gongqingcheng Jinlang Equity Investment Partnership (Limited Partnership) (共青城金朗股權投資合夥企業(有限合夥)) ("**Gongqingcheng Jinlang**") is a limited partnership established in the PRC with Beijing Fangyuan Jinding Capital Management Co., Ltd. (北京方圓金鼎投資管理有限公司) ("**Jinding Capital**") being its general partner. Jinding Capital is a wholly-owned subsidiary of Beijing Tongchuang Jinding Investment Management Co., Ltd. (北京同創金鼎投資管理有限公司) ("**Tongchuang Jinding**"), a company owned as to 62.50% by Beijing Huaxia Jinding Investment Management Co., Ltd. (北京華夏金鼎投資管理有限公司) ("**Huaxia Jinding**"), which is in turn as to 51.20% by He Fuchang (何富昌). None of the other shareholders of Tongchuang Jinding and Huaxia Jinding hold 30% or more of its equity interest therein, respectively.

Muyuan Industrial Group Co., Ltd. (牧原實業集團有限公司), a company wholly-owned by Mr. Qin Yinglin (秦英林) and his spouse Ms. Qian Ying (錢瑛), is the sole limited partner of Gongqingcheng Fuman, holding 99% of its partnership interest. Except for Du Zhongbin (杜中兵) and Hefei Hengxin Life Science and Technology Co., Ltd. (合肥恒鑫生活科技股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 301501.sz)), none of the other limited partners of Gongqingcheng Jinlang holds 30% or more of its partnership interests therein.

Jinding Capital is an industrial investment company that has long been deeply involved in the technology, healthcare, and consumer sectors. It has more than 100 professional investment and operations personnel, with offices in Beijing, Shanghai, Shenzhen, and Xiamen, and has established funds amounted nearly RMB10 billion.

CAPITALIZATION

Our Company has applied for H-share full circulation to convert certain Unlisted Shares into H Shares after the [**REDACTED**]. The conversion of Unlisted Shares into H Shares will involve an aggregate of [**REDACTED**] Unlisted Shares, representing approximately [**REDACTED**]% of the total issued share capital of the Company as of the Latest Practicable Date.

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholders	**No. of Unlisted Shares**	**Approximate ownership percentage**	**No. of Unlisted Shares**	**No. of H Shares**	**Approximate ownership percentage**
Our Controlling Shareholders					
Mr. Wei	270,310,455	37.54%	[REDACTED]	[REDACTED]	[REDACTED]%
Lehui Ruisheng	81,761,128	11.36%	[REDACTED]	[REDACTED]	[REDACTED]%
Yuehui Xinghong	38,979,607	5.41%	[REDACTED]	[REDACTED]	[REDACTED]%
Yuehui Xinghong I	11,488,739	1.60%	[REDACTED]	[REDACTED]	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholders	No. of Unlisted Shares	Approximate ownership percentage	No. of Unlisted Shares	No. of H Shares	Approximate ownership percentage
Runde Zhiying II[1]	1,735,890	0.24%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhenlecheng	16,191,735	2.25%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhenlecheng XII	6,220,911	0.86%	[REDACTED]	[REDACTED]	[REDACTED]%
He Xiaomei[3]	1,166,065	0.16%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal	**427,854,530**	**59.42%**	[REDACTED]	[REDACTED]	[REDACTED]%
Our major Pre-[REDACTED] Investors					
Ningbo Tanzhi	61,879,706	8.59%	[REDACTED]	[REDACTED]	[REDACTED]%
Chunhua Shaojing	40,326,940	5.60%	[REDACTED]	[REDACTED]	[REDACTED]%
Qiushi Xingde	14,935,901	2.07%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**55,262,841**	**7.68%**	[REDACTED]	[REDACTED]	[REDACTED]%
Ping An Consumer	24,893,255	3.46%	[REDACTED]	[REDACTED]	[REDACTED]%
Bamao Investment	9,957,300	1.38%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**34,850,555**	**4.84%**	[REDACTED]	[REDACTED]	[REDACTED]%
Yangfu Shijiazhuang	12,891,504	1.79%	[REDACTED]	[REDACTED]	[REDACTED]%
Rural Industry Investment	4,810,904	0.67%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**17,702,408**	**2.46%**	[REDACTED]	[REDACTED]	[REDACTED]%
Bojia Sanbao	6,162,446	0.86%	[REDACTED]	[REDACTED]	[REDACTED]%
Bojia Hengxin	1,282,904	0.18%	[REDACTED]	[REDACTED]	[REDACTED]%
Bojia Yikai	6,414,543	0.89%	[REDACTED]	[REDACTED]	[REDACTED]%
Bojia Simei	2,020,588	0.28%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**15,880,481**	**2.21%**	[REDACTED]	[REDACTED]	[REDACTED]%
Zhuhai Yuanheying	15,469,675	2.15%	[REDACTED]	[REDACTED]	[REDACTED]%
Haisi Houjiu	7,467,419	1.04%	[REDACTED]	[REDACTED]	[REDACTED]%
Suzhou Houqi	5,773,085	0.80%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**13,240,504**	**1.84%**	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Junmei	3,207,277	0.45%	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Demei	1,603,639	0.22%	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Kemei	3,207,277	0.45%	[REDACTED]	[REDACTED]	[REDACTED]%
Shenzhen Meiyu	865,955	0.12%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**8,884,148**	**1.23%**	[REDACTED]	[REDACTED]	[REDACTED]%
Nanjing Hongzhang	5,869,312	0.82%	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Hongzhiyue	2,767,877	0.38%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**8,637,189**	**1.20%**	[REDACTED]	[REDACTED]	[REDACTED]%
Goldstone Growth	1,353,180	0.19%	[REDACTED]	[REDACTED]	[REDACTED]%
Maotai Goldstone	6,765,900	0.94%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**8,119,080**	**1.13%**	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Jinlang	2,706,360	0.38%	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Fuman	4,510,600	0.63%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[2]	**7,216,960**	**1.00%**	[REDACTED]	[REDACTED]	[REDACTED]%
Our Other Pre-[REDACTED] Investors					
Hai Nan Jun Shi Corporation (海南駿實企業管理有限公司) ("**Hai Nan Jun Shi**")	6,838,725	0.95%	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholders	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
	No. of Unlisted Shares	Approximate ownership percentage	No. of Unlisted Shares	No. of H Shares	Approximate ownership percentage
DALIAN RONGHUA COMMON PLASTIC PRINTING CO., LTD. (大連榮華彩印包裝有限公司)	5,269,815	0.73%	[REDACTED]	[REDACTED]	[REDACTED]%
Ningbo Xinglong Chizhong Investment Partnership (Limited Partnership) (寧波興龍持重投資合夥企業(有限合夥))	3,851,362	0.53%	[REDACTED]	[REDACTED]	[REDACTED]%
Qingdao Beiqi Industrial Co., Ltd (青島北琪實業有限公司)	2,467,151	0.34%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhuang Guiti	641,458	0.09%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[(2)]	**3,108,609**	**0.43%**	[REDACTED]	[REDACTED]	[REDACTED]%
Hebei Wenzhan Equity Investment Fund Partnership (Limited Partnership) (河北文展股權投資基金合夥企業(有限合夥))	2,245,096	0.31%	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai E-partner Management Co., Ltd. (上海一僕企業管理有限公司)	2,255,299	0.31%	[REDACTED]	[REDACTED]	[REDACTED]%
GREEN FOOD SCIENCE AND TECHNOLOGY (TIANJIN) CO., LTD (格瑞食品科技(天津)有限公司)	2,255,300	0.31%	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Guoshan Ruiding Investment Co., Ltd. (上海國山瑞鼎投資有限公司)	2,107,926	0.29%	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Heguang Tongcheng Enterprise Consulting Partnership (Limited Partnership) (上海禾光同呈企業諮詢合夥企業(有限合夥))	1,603,639	0.22%	[REDACTED]	[REDACTED]	[REDACTED]%
Goldstone Packaging Jiaxing Co., Ltd (金石包裝(嘉興)有限公司)	1,264,755	0.18%	[REDACTED]	[REDACTED]	[REDACTED]%
Huang He	1,264,755	0.18%	[REDACTED]	[REDACTED]	[REDACTED]%
Wang Yande	1,264,755	0.18%	[REDACTED]	[REDACTED]	[REDACTED]%
Niu Guojuan	1,163,893	0.16%	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Ruiyilian Enterprise Management Partnership (Limited Partnership) (上海瑞壹聯企業管理合夥企業(有限合夥))	1,183,484	0.16%	[REDACTED]	[REDACTED]	[REDACTED]%
Chuanyu Gaozhu New Area Chongqing Guanghong Entrepreneurship Investment Fund Partnership Enterprise (Limited Partnership) (川渝高竹新區重慶廣弘創業投資基金合夥企業(有限合夥))	902,120	0.13%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhengzhou Lingbang Information Technology Co., Ltd. (鄭州領邦信息科技有限公司)	902,120	0.13%	[REDACTED]	[REDACTED]	[REDACTED]%
Hebei Xindong Printing Co., Ltd. (河北新東印刷有限公司)	843,170	0.12%	[REDACTED]	[REDACTED]	[REDACTED]%
Qu Yiqun	843,170	0.12%	[REDACTED]	[REDACTED]	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholders	No. of Unlisted Shares	Approximate ownership percentage	No. of Unlisted Shares	No. of H Shares	Approximate ownership percentage
Liu Yaqi	843,170	0.12%	[REDACTED]	[REDACTED]	[REDACTED]%
Li Xuehui	843,170	0.12%	[REDACTED]	[REDACTED]	[REDACTED]%
Duan Minxuan	641,458	0.09%	[REDACTED]	[REDACTED]	[REDACTED]%
Li Mingqian	541,272	0.08%	[REDACTED]	[REDACTED]	[REDACTED]%
Li Yungu[5]	519,633	0.07%	[REDACTED]	[REDACTED]	[REDACTED]%
Guang'an Xiaoping's Hometown Development Fund Center (Limited Partnership) (廣安小平故里發展基金中心(有限合夥))	451,060	0.06%	[REDACTED]	[REDACTED]	[REDACTED]%
Wei Keyao[4][5]	421,585	0.06%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhang Xiaowei	320,723	0.04%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhang Shilong[5]	320,723	0.04%	[REDACTED]	[REDACTED]	[REDACTED]%
Deng Ziyu	225,530	0.03%	[REDACTED]	[REDACTED]	[REDACTED]%
Zhao Linsen	192,441	0.03%	[REDACTED]	[REDACTED]	[REDACTED]%
Sun Lei	192,441	0.03%	[REDACTED]	[REDACTED]	[REDACTED]%
Fan Xiaohong	160,362	0.02%	[REDACTED]	[REDACTED]	[REDACTED]%
Han Yanfeng	160,362	0.02%	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal of other Pre-[REDACTED] Investors	**53,639,113**	**7.45%**	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal	**720,000,000**	**100%**	[REDACTED]	[REDACTED]	[REDACTED]%
Public Shareholders	–	–	[REDACTED]	[REDACTED]	[REDACTED]%
Total	**720,000,000**	**100%**	[REDACTED]	[REDACTED]	[REDACTED]%

Notes:

(1) Being a shareholding platform managed by Lehui Consulting as its general partner. Lehui Consulting is held by Mr. Wei as to 99% and Mr. Liu Senmiao, our executive Director, as to 1%. The limited partners of Runde Zhiying II are Mr. Wei and his family. Save as disclosed above, no equity interests in Runde Zhiying II are held by (i) the Company's Directors or senior management, or (ii) employees and/or entities ultimately controlled by them.

(2) The entities above are affiliates of each other.

(3) He Xiaomei is the spouse of Mr. Wei.

(4) Wei Keyao is the daughter of Mr. Wei.

(5) Each is also an employee of the Group.

PUBLIC FLOAT AND FREE FLOAT

Public Float

Following the conversion of Unlisted Shares into H Shares and upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the following Shares will not be counted towards the public float:

(a) a total of 426,688,465 Shares held by Mr. Wei, Lehui Ruisheng, Yuehui Xinghong, Yuehui Xinghong I, Runde Zhiying II, Zhenlecheng and Zhenlecheng XII, being our Controlling Shareholders, representing [**REDACTED**]% of our total issued share capital;

(b) a total of 1,166,065 Shares held by Ms. He Xiaomei, being the spouse of Mr. Wei and our core connected person, representing [**REDACTED**]% of our total issued share capital; and

(c) a total of [**REDACTED**] Unlisted Shares held by other Shareholders, representing [**REDACTED**]% of our total issued Shares.

To the best knowledge of our Directors, upon completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, [**REDACTED**] H Shares are expected to be held by our existing Shareholders who are not our core connected persons, which will be counted towards the public float.

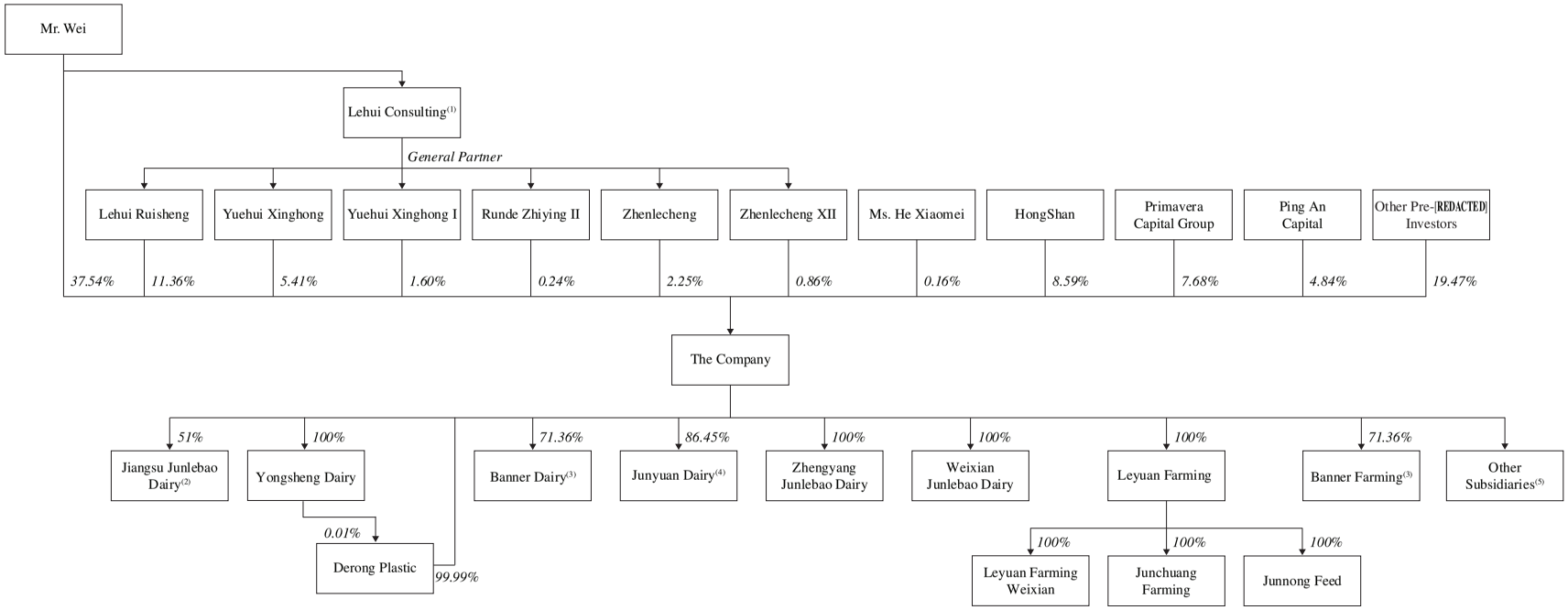
Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the total number of H Shares held by the public represents approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**]. If the [**REDACTED**] is fixed at HK$[**REDACTED**], HK$[**REDACTED**] or HK$[**REDACTED**] per [**REDACTED**] (being the low end, mid-point and the high-end of the indicative [**REDACTED**] range, respectively), the expected market capitalization of the Company upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) would be approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**], and the minimum prescribed public float percentage as required under Rule 19A.13A of the Listing Rules would be [**REDACTED**]%, [**REDACTED**]% or [**REDACTED**]%, respectively. Therefore, our Company will be able to meet the minimum public float requirements under Rules 19A.13A of the Listing Rules.

Free Float

Under Rule 8.08A of the Listing Rules, the Company must ensure that a portion of the total number of its issued shares listed on the Stock Exchange with a market capitalization of at least HK$[**REDACTED**] are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of [**REDACTED**]. Our Company will be able to meet the minimum free float requirement under Rule 19A.13C of the Listing Rules based on the market capitalization of the Shares listed on the Stock Exchange that are not subject to any disposal restrictions at the time of [**REDACTED**].

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the [**REDACTED**]:



Notes:

(1) As of the Latest Practicable Date, Lehui Consulting was held by Mr. Wei as to 99% and Mr. Liu Senmiao, our executive Director, as to 1%.

(2) As of the Latest Practicable Date, the remaining 49% equity interest of Jiangsu Junlebao Dairy was owned by Jiangsu Guorun Dairy Co., Ltd. (江蘇國潤乳業有限公司), a company wholly owned by Mr. Liu Jinliang, a director of Jiangsu Junlebao, and his close associate.

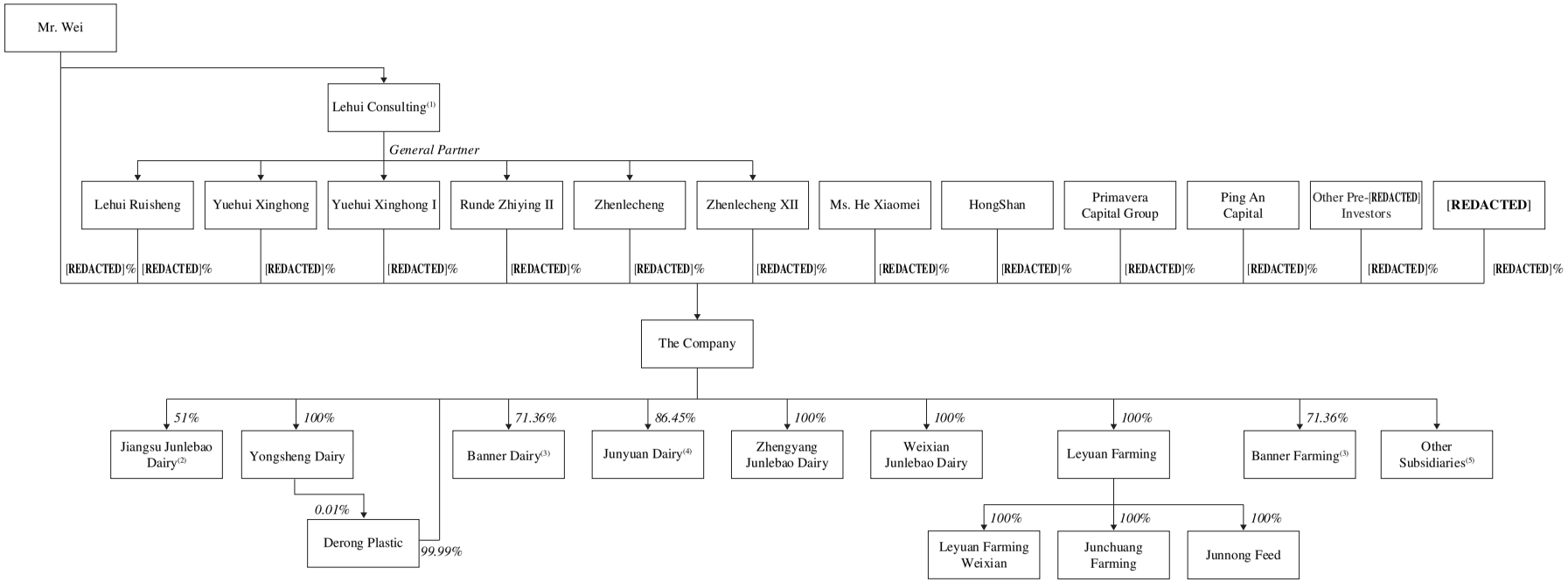
(3) As of the Latest Practicable Date, the remaining equity interest of Banner Dairy and Banner Farming was owned as to (i) 12.66% by Mr. Wei Liqiang (魏立強), the brother of Mr. Wei, (ii) 3.38%, 1.92% and 0.79% by Wang Shiwei, Feng Haijun and Zhang Zhenpu, each a director of Banner Dairy and Banner Farming, respectively, and (iii) 9.89% in aggregate by six shareholders who are Independent Third Parties.

(4) As of the Latest Practicable Date, Junyuan Dairy was wholly owned by Shijiazhuang Junlebao Leshi Dairy Co., Ltd. (石家莊君樂寶樂時乳業有限公司), a company owned as to (i) 86.45% by our Company, (ii) 5.77% by Wang Shiwei, and (iii) 7.78% by an Independent Third Party.

(5) Including other subsidiaries controlled by the Company.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes: For notes (1) to (5), please see "— Shareholding and Corporate Structure Immediately Prior to the Completion of the [**REDACTED**]" above.

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 (悦鮮活). 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 (悦鮮活) 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 (悦鮮活) 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.

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 (悦鮮活), 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

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.

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.

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.

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 (悦鮮活) 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 (悦鮮活) in 2019. By combining INF 0.09-second sterilisation with low-temperature aseptic cold-filling, Freshjoy (悦鮮活) preserves more active nutrients and delivers a fresher taste while extending shelf life to 19 days, enabling nationwide

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 (悦鮮活) brand equity and sales potential. Freshjoy (悦鮮活) 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 (悦鮮活) 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 (簡醇) in 2017 after developing a low-calorie and gut-health-supporting formulation. The SimPurity (簡醇) 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 (簡醇) 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.

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 (悦鮮活) 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%

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.

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 (簡醇). 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.

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 (悦鮮活) and SimPurity (簡醇). Freshjoy (悦鮮活) and SimPurity (簡醇) 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 (悦鮮活), 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.

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.

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 (悦鮮活) — Premium Fresh Milk Powered by Technology-Defined Freshness. Freshjoy (悦鮮活) 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 (悦鮮活) 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.

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

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 (簡醇)	SimPurity (簡醇) Flavoured Yogurt, 6*150g MSRP: RMB18	SimPurity (簡醇) Flavoured Fermented Yogurt, 430g MSRP: RMB12.9	SimPurity (簡醇) Flavoured Fermented Yogurt, 230g MSRP: RMB7.9	SimPurity (簡醇) Flavoured Fermented Set Yogurt, 420g MSRP: RMB14.9	SimPurity (簡醇) Flavoured Yogurt, 8*90g MSRP: RMB13.9
Freshjoy (悦鮮活)	Freshjoy (悦鮮活) Fresh Milk, 260ml MSRP: RMB6.9	Freshjoy (悦鮮活) Fresh Milk, 450ml MSRP: RMB10.9	Freshjoy (悦鮮活) Fresh Milk, 950ml MSRP: RMB19.9	Freshjoy (悦鮮活) A2β-casein Fresh Milk, 450ml MSRP: RMB11.9	Freshjoy (悦鮮活) Lactose-Free Fresh Milk, 450ml MSRP: RMB11.9
	Freshjoy (悦鮮活) Omega-3 Fresh Milk, 450ml MSRP: RMB12.9				
Purjoy (純享)	Purjoy (純享) Flavoured Fermented Yogurt, 300g MSRP: RMB9.9	Purjoy (純享) Fruit & Veg Salad-style Yogurt, 300g MSRP: RMB9.9			
Junlebao (君樂寶)	Hexiannai Fresh Milk (喝鮮奶鮮牛奶) (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 Flavored Yogurt (漲芝士啦奶酪風味酸牛奶) (Pouch), 180g MSRP: RMB3.9			

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 (來思爾饗雲南) (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	

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

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 (樂鉑) 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) Quanweiai A2, 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.

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

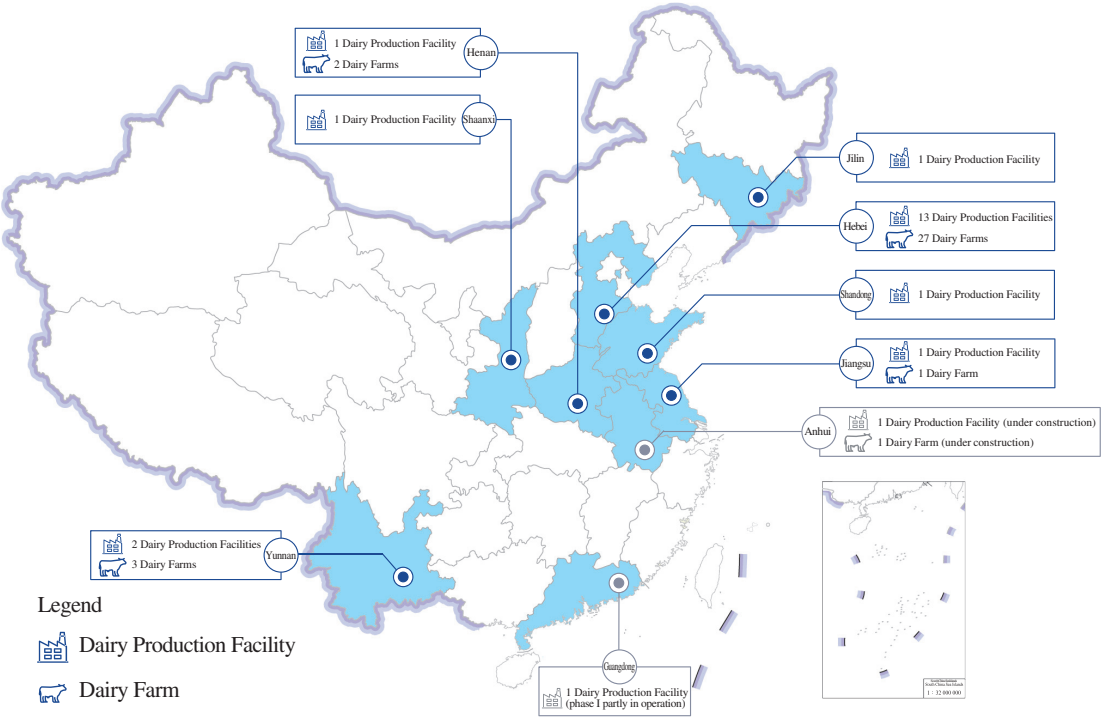
We have also engaged in ancillary operating activities that arise alongside our principal dairy operations. These activities mainly involve: (i) sales of semi-processed dairy ingredients. To improve raw milk utilization and operational efficiency, we sell certain semi-processed dairy ingredients that 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

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.

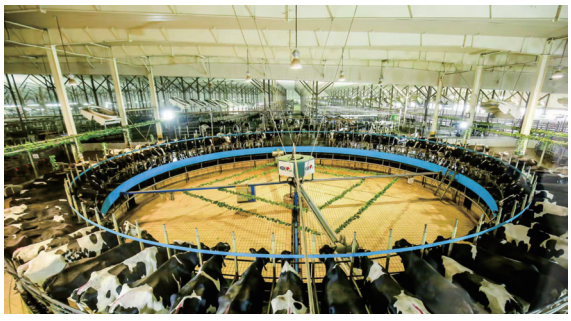
Dairy Farming Operation

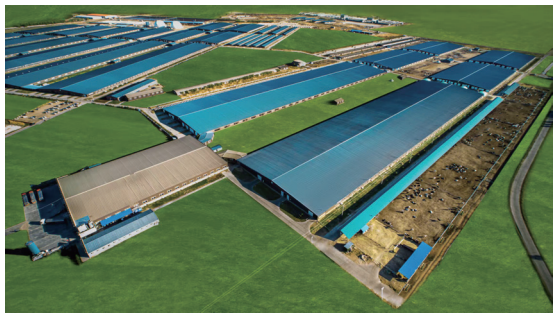
Our raw milk serves as the foundation for our extensive portfolio of dairy products. As of June 30, 2026, we operated 33 dairy farms, including two organic farms and nine dedicated A2-herd farms, located in Hebei, Yunnan, Henan and Jiangsu provinces. As of June 30, 2026, we had a total herd size of approximately 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

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	Designed capacity	Numbers of milkable cows	Number of heifers and calves
		(mu)	*(heads)*	*(heads)*	*(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%

	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

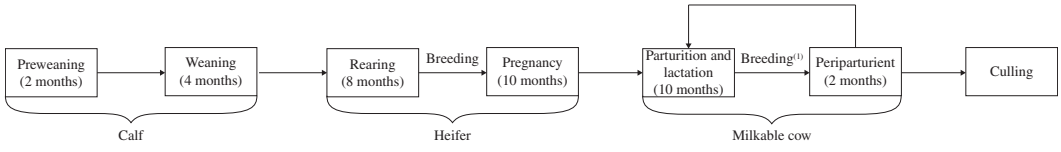
Note: As of June 30, 2026, Tianchang Farm completed the construction of the heifer barn and had six milkable cows and 3,479 heifers.

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.

Rearing

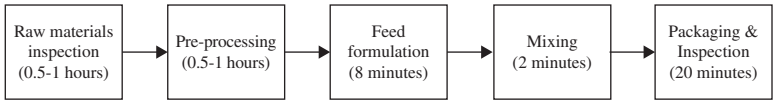
The herd structure includes milkable cows, heifers and calves. We adopt scientific rearing protocols covering feeding, livestock housing, vaccination, and health monitoring, utilizing smart farming technologies and automated management systems effectively. Our modern rearing facilities are designed to 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.

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:

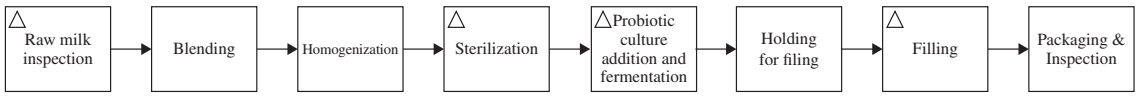
(1) Culling rate refers to the percentage of cows removed from a herd through sale and other means when they no longer meet our criteria for milk yield or fertility to optimize the dairy herds, relative to the average herd size for the year/period.

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

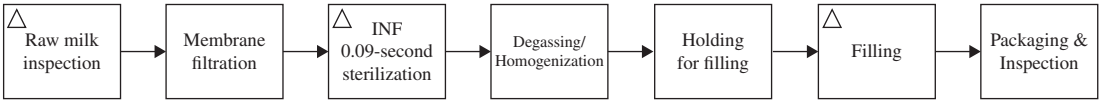
Our Production Process

Low-Temperature Yogurt



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

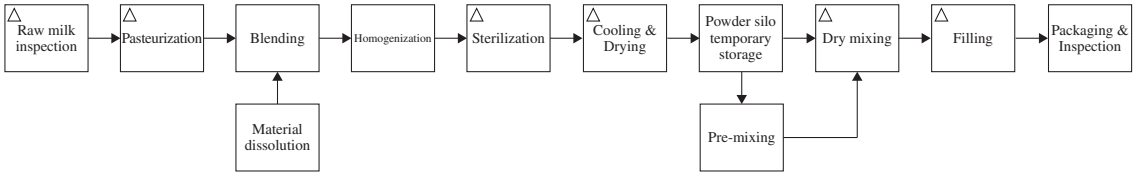


Our fresh milk production process typically comprises the following key stages: raw milk inspection, membrane filtration, INF 0.09-second sterilization, degassing/homogenization, holding for filling, filling, packaging, and finished product inspection. We employ our key technology, INF 0.09-second sterilization, 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.

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

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
	(tons in thousands, except for percentages)							
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

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,

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:

Factories	Product Category	Estimated Increased Standard Annual Production Capacity	Estimated Time of Commencement of Production for All Production Lines	Estimated Total Investment
		(tons in thousands)		*(RMB in millions)*
New Factory Construction				
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

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 (悦鮮活), 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)

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.

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.

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

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	**6,025**	**5,608**	**5,485**	**5,236**

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.

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.

- **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.

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

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.

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.

- 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.

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.

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

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.

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 (悦鮮活) leverages technology-defined freshness for premium market positioning; SimPurity (簡醇) targets health-conscious consumers with "sucrose-free" positioning in wellness and meal replacement occasions; Youcui (優萃) emphasizes "dual excellence in brain and physical development (腦體雙優)" 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 (埃魯德·基普喬格) for Junlebao (君樂寶), Olympic champion Ms. Guo Jingjing (郭晶晶) and musician Mr. Jay Chou (周杰倫) for Freshjoy (悦鮮活), actor Mr. Bai Jingting (白敬亭) for SimPurity (簡醇), actor Mr. Cheng Yi (成毅) for Purjoy (純享), and actress Ms. Yang Mi (楊冪) 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" (品牌強國工程) 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 (《王牌對王牌》), Singer 2024 (《歌手2024》), and Chinese Singers (《中國唱將》), 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

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	As a percentage of our total revenue	Length of business relationship with us
			RMB'000	*%*	
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
			812,954	**7.7**	

Year Ended December 31, 2025

Customer	Major products provided by us	Credit term	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			RMB'000	*%*	
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

Customer	Major products provided by us	Credit term	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			RMB'000	*%*	
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
			1,486,967	**7.3**	

Year Ended December 31, 2024

Customer	Major products provided by us	Credit term	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			RMB'000	*%*	
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
			1,872,980	**9.4**	

Year Ended December 31, 2023

Customer	Major products provided by us	Credit term	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			RMB'000	*%*	
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
			1,572,179	**9.0**	

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.

(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.

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

- 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

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
			1,156,625	**13.8**	

Year Ended December 31, 2025

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	*%*	
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	As a percentage of our total purchases	Length of business relationship with us
			RMB'000	*%*	
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	As a percentage of our total purchases	Length of business relationship with us
			RMB'000	*%*	
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.

(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

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.

The following table sets forth the details of our overlapping customers and suppliers (on a group basis) in each period during the Track Record Period. Revenue contribution/purchases include revenue generated from/purchase by its respective affiliates.

	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	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	199,953	93,044	46.5%	100,761
Customer B[2]	436,177	51,184	11.7%	NM*	609,124	105,018	17.2%	NM*	359,685	63,193	17.6%	NM*	166,116	28,691	17.3%	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	120,515	39,039	32.4%	29,554
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	108,179	37,341	34.5%	NM*
Customer E[5]	214,143	124,682	58.2%	705	202,714	126,945	62.6%	193	167,364	108,085	64.6%	–	67,252	45,257	67.3%	NM*
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	136,867	17,220	12.6%	213,454
Customer G[7]	29,339	5,177	17.6%	NM*	72,085	12,657	17.6%	217	170,797	42,633	25.0%	NM*	163,634	42,366	25.9%	781
Customer H[8]	61,814	15,515	25.1%	–	140,427	33,999	24.2%	–	154,242	35,852	23.2%	–	146,384	36,952	25.2%	NM*
Supplier B[9]	–	–	–	290,306	68,409	1,027	1.5%	632,926	127,147	2,222	1.7%	515,484	58,951	1,594	2.7%	241,640
Supplier F[10]	–	–	–	250,361	6,367	32	0.5%	360,174	33,220	527	1.6%	355,491	12,832	326	2.5%	184,189
Supplier D[11]	NM*	NM*	NM*	176,470	NM*	NM*	NM*	339,406	NM*	NM*	NM*	328,621	NM*	NM*	NM*	99,124
Supplier G[12]	NM*	NM*	NM*	244,957	NM*	NM*	NM*	258,173	NM*	NM*	NM*	220,069	NM*	NM*	NM*	133,416
Supplier E[13]	–	–	–	108,906	NM*	NM*	NM*	243,013	NM*	NM*	NM*	377,849	–	–	–	229,873
Supplier I[14]	–	–	–	316,715	NM*	NM*	NM*	225,774	9,369	43	0.5%	302,213	3,445	136	4.0%	67,984
Supplier H[15]	NM*	NM*	NM*	568,925	NM*	NM*	NM*	257,245	NM*	NM*	NM*	191,782	NM*	NM*	NM*	112,353
	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**

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,

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

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

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

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.

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.

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:

		For the Year Ended December 31,			For the Six Months Ended June 30,
Indicator	**Unit**	**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.

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:

		For the Year Ended December 31,			For the Six Months Ended June 30,
Indicator	**Unit**	**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

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:

		For the Year Ended December 31,			For the Six Months Ended June 30,
Indicator	**Unit**	**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

Indicator	Unit	For the Year Ended December 31, 2023	2024	2025	For the Six Months Ended June 30, 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.

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.

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

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.

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.

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.

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 (《劳務派遣暫行規定》) (the "**Labor Dispatch Provisions**"). As of the Latest Practicable Date, neither our Company nor our principal subsidiaries had implemented any labor dispatch arrangements.

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

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."

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

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.

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 (悦鮮活)	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)

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board serves a term of three years, which is renewable upon re-election and re-appointment and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Mr. Wei Lihua (魏立華)	[62]	Executive Director, chairperson of the Board and general manager of the Group	April 21, 2000	April 21, 2000	Responsible for overseeing the overall strategic planning, business direction and operational management of the Group
Ms. Wu Wennan (吳文楠)	[57]	Executive Director, deputy general manager, chief financial officer of the Group and general manager of the financial center	November 15, 2021	December 11, 2023	Responsible for overseeing the overall operation and management of the Group, with a particular focus on financial strategy and reporting and digitalization management
Mr. Liu Senmiao (劉森淼)	[48]	Executive Director, employee representative Director, deputy general manager of the Group and general manager of the formula business division	November 23, 2002	November 18, 2019	Responsible for overseeing operational management of the formula business division
Non-executive Directors					
Mr. Guo Zhenwei (郭振煒)	[42]	Non-executive Director	March 16, 2020	March 16, 2020	Responsible for providing professional opinion and judgment to our Board
Ms. Yang Ying (楊穎)	[35]	Non-executive Director	October 15, 2022	October 15, 2022	Responsible for providing professional opinion and judgment to our Board
Mr. Chen Shuo (陳爍)	[48]	Non-executive Director	October 15, 2022	October 15, 2022	Responsible for providing professional opinion and judgment to our Board
Independent Non-executive Directors					
Mr. Yang Wenjun (楊文俊)	[59]	Independent Non-executive Director	December 11, 2023	December 11, 2023	Responsible for providing independent advice and judgment to our Board
Ms. Wang Ying (王鶯)	[53]	Independent Non-executive Director	December 11, 2023	December 11, 2023	Responsible for providing independent advice and judgment to our Board
Mr. Lau King Pak (劉勁柏)	[54]	Independent Non-executive Director	January 14, 2026	January 14, 2026	Responsible for providing independent advice and judgment to our Board

The following sets forth the biographies of our Directors:

Executive Directors

Mr. Wei Lihua (魏立華) has been serving as our Director and general manager since April 2000 and our chairperson of the Board since 2019. As the founder of our Group, Mr. Wei has been responsible for overseeing the overall strategic planning, business direction and operational management of the Group.

Prior to the founding of our Group, between 1989 and 2000, Mr. Wei served at Junlebao Dairy Company and its predecessor and started to act as its general manager in 1994, at the time of which he and his relatives also held the entire shares of Junlebao Dairy Company. During his time at Junlebao Dairy Company, he founded our businesses under the brand "君樂寶" in 1995.

Mr. Wei is an experienced and recognized entrepreneur. He was awarded "National Model Worker (全國勞動模範)" in April 2015, "Annual Figure in Agriculture, Rural Areas and Farmers (年度三農人物)" in January 2016 and "Outstanding Contribution Award of the 2023 Hebei Province Science and Technology Award (2023年度河北省科學技術獎科學技術突出貢獻獎)" in June 2024. He was also recommended by the United Front Work Department of CPC Central Committee (中共中央統一戰線工作部) and the All-China Federation of Industry and Commerce (中華全國工商業聯合會) as one of the "100 Outstanding Private Entrepreneurs in the 40 Years of Reform and Opening Up (改革開放40年百名傑出民營企業家)", was selected as one of the "Fifth National Outstanding Builders of Socialism with Chinese Characteristics from the Non-public Sector of the Economy" (第五屆全國非公有制經濟人士優秀中國特色社會主義事業建設者), and was awarded for the top honor of "2020 China Brand Person of the Year" (2020中國品牌年度人物) at the "2020 China Brand Person of the Year Ceremony and China Brand Development Summit Forum" (2020中國品牌年度人物盛典暨中國品牌發展高峰論壇). He was honored as a National Advanced Individual in Mass Sports (全國群衆體育先進個人) in 2017 and 2025, respectively.

Mr. Wei obtained his bachelor's degree in agricultural mechanization from Hebei Agricultural University (河北農業大學) in July 1986, and his degree of executive master of business administration from Tsinghua University (清華大學) in January 2006.

Ms. Wu Wennan (吳文楠), joined our Group in November 2021 and served in roles including our president assistant, general manager of financial center, vice president, chief financial officer and deputy manager successively during her years in the Group. She was appointed as a Director and a deputy general manager in December 2023.

Ms. Wu has over 30 years of experience in finance and corporate management. From 1990 to 2004, she was engaged in finance-related educational and practical work. From September 2004 to November 2006, she served as vice president of finance at Beijing Sunshine First Car Network Technology Co., Ltd. (北京陽光第一車網科技有限公司). Further, from November 2006 to February 2011, Ms. Wu served as vice president at finance at AirMedia Group Co., Ltd. (航美傳媒集團有限公司), a member of the group of Yueda Digital Holding, a company listed on the NASDAQ (stock code: YDKG). From November 2012 to June 2014, Ms. Wu served successively as investor relations officer, the senior financial controller and the chief financial officer at China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司), a leading dairy company listed on the Stock Exchange (stock code: 2319.hk). From July 2014 to January 2015, she served as the chief financial officer at Beijing Huiyuan Food & Beverage Co., Ltd. (北京匯源食品飲料有限公司). From January 2015 to August 2018, she served as executive vice president and board secretary at Zhong Ding United Dairy Farming Co., Ltd. (中鼎聯合牧業股份有限公司). From August 2018 to November 2018, Ms. Wu served as the chief financial officer at Tenwow International Holdings Limited, a company listed on the Stock Exchange (stock code: 1219.hk). From November 2018 to May 2019, she served as an assistant president at SkyOcean Holding Co., Ltd. (天洋控股集團有限公司). From September 2020 to November 2021, Ms. Wu served as the chief financial officer at Beijing Med-Zenith Medical Scientific Corporation Limited (北京邁迪頂峰醫療科技股份有限公司). From August 2019 to May 2025, Ms. Wu served as an independent non-executive director at Kong Sun Holdings Limited, a company listed on the Stock Exchange (stock code: 0295.hk).

Ms. Wu obtained her bachelor's degree in international business management from University of International Business and Economics (對外經濟貿易大學) in June 1990. She has been a member of the Association of Chartered Certified Accountants since July 1997.

Mr. Liu Senmiao (劉森淼), joined our Group in November 2002 and, up to 2014, he successively held various positions in the Group including head of low-temperature liquid dairy product division. He has been serving as general manager of the formula business division since April 2014, and he was appointed as a vice president of the Group in April 2017. He was appointed as a Director in November 2019 and a deputy general manager in December 2023.

Mr. Liu obtained his college diploma in business administration from Nankai University (南開大學) in July 2021.

Non-Executive Directors

Mr. Guo Zhenwei (郭振煒), was appointed as a Director of our Company in March 2020. He was re-designated as a non-executive Director in January 2026.

Mr. Guo has nearly 20 years of experience in investments and management. From July 2007 to November 2009, he worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) and served as a senior auditor. From November 2009 to June 2010, he served as an equity analyst at China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Stock Exchange (stock code: 3908.hk) and the Shanghai Stock Exchange (stock code: 601995.sh). Mr. Guo joined HongShan (紅杉中國) in July 2010, and currently serves as a consultant.

From June 2018 to August 2024, Mr. Guo served as a director at Winner Medical Co., Ltd. (穩健醫療用品股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 300888.sz).

Mr. Guo obtained his bachelor's degree in financial management from Central University of Finance and Economics (中央財經大學) in July 2007. He also obtained his master's degree of executive master of business administration from China Europe International Business School (中歐國際工商學院) in November 2017. He further obtained a master's degree in Business Administration from Tsinghua University (清華大學) in December 2025.

Ms. Yang Ying (楊穎) was appointed as a Director of our Company in October 2022. She was re-designated as a non-executive Director in January 2026.

Ms. Yang has extensive experience in investments and project management. From June 2015 to August 2017, she worked in China Investment Banking division at Nomura Securities Co., Ltd. (日本野村證券). She joined Primavera Capital Group (春華資本集團) in March 2018 and successively held various positions including analyst, associate and executive director.

Ms. Yang obtained her bachelor's degree of art and economics from Zhejiang University (浙江大學) in July 2013. She further obtained her master's degree of science from Columbia University in February 2015.

Mr. Chen Shuo (陳爍), served as our Director from October 2022 to December 2023 and was re-appointed as our Director in March 2025. He was re-designated as a non-executive Director in January 2026.

Mr. Chen has around 20 years of experience in finance industry. From May 2006 to May 2010, he served as a tax manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)). He worked at Ping An Trust Co., Ltd. (平安信託有限責任公司) since July 2010, where he currently serves as a managing director of investment management team.

Mr. Chen obtained his bachelor's degree in real estate operation management from Shenzhen University (深圳大學) in June 1999. He further obtained his master's degree in management from University of Nottingham in the UK in December 2001.

Independent Non-executive Directors

Mr. Yang Wenjun (楊文俊) was appointed as our independent Director in December 2023, and was re-designated as an independent non-executive Director in January 2026.

Mr. Yang has extensive experience in dairy related industry. Prior to joining our Group, he joined Inner Mongolia Mengniu in 1999 and served in positions such as vice president, president and vice chairman until 2012. From January 2013 to February 2020, he served as the chairperson at Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd. (內蒙古賽科星繁育生物技術(集團)股份有限公司), a subsidiary of China Youran Dairy Group Limited (中國優然牧業集團有限公司), a company listed on the Stock Exchange (stock code: 9858.hk). From September 2020 to December 2020, Mr. Yang served as the executive director and manager at Inner Mongolia Caoyuan Zhuangyuan Bio-Technology Co., Ltd. (內蒙古草原狀元生物科技有限公司). From June 2021 to December 2021, he served as the chairperson and board secretary at Inner Mongolia Erdun Sheep Industry Co., Ltd. (內蒙古額爾敦羊業股份有限公司) ("**Inner Mongolia Erdun**"), a company whose shares were quoted on the NEEQ (stock code: 835538). In December 2021, Mr. Yang founded Inner Mongolia Yangmingsaiwai Bio-Technology Co., Ltd. (內蒙古羊名塞外生物科技有限公司) with other shareholders. Since November 2022, he has been working at Inner Mongolia Baijina Kumiss Co., Ltd. (內蒙古百吉納奶酒股份有限公司) as chairman.

Mr. Yang obtained his master's degree in agricultural extension from Inner Mongolia Agricultural University (內蒙古農業大學) in July 2008.

Ms. Wang Ying (王鶯) was appointed as our independent Director in December 2023, and was re-designated as an independent non-executive Director in January 2026.

Ms. Wang has over 30 years of experience in financial management. Prior to joining our Group, from July 1995 to September 2007, she worked at PricewaterhouseCoopers ZhongTian LLP (普華永道中天會計師事務所(特殊普通合夥)) and served successively as an auditor, senior auditor, manager, senior manager and director. From October 2007 to December 2013, she served as deputy chief accountant at China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601601.sh) and the Stock Exchange (stock code: 2601.hk). From December 2013 to June 2019, she served as deputy general manager and the chief financial officer at China Pacific Life Insurance Co., Ltd. (中國太平洋人壽保險股份有限公司), a subsidiary of China Pacific Insurance (Group) Co., Ltd. From June 2019 to August 2019, she served as deputy general manager, the chief financial officer and temporarily board secretary at Changjiang Pension Insurance Co., Ltd. (長江養老保險股份有限公司). From September 2019 to April 2023, she served as deputy general manager and the chief financial officer at Dajia Insurance Group Co., Ltd. (大家保險集團有限責任公司).

Ms. Wang obtained her bachelor's degree majoring in hotel management and computer science and application from Shanghai Jiao Tong University (上海交通大學) in July 1995. She further obtained her master's degree in business administration from China Europe International Business School (中歐國際工商學院) in September 2012. She has been a member of the Chinese Institute of Certified Public Accountants since December 1996.

Mr. Lau King Pak (劉勁柏) was appointed as our independent non-executive Director in January 2026.

Mr. Lau has over 30 years of experience in accounting and auditing. Mr. Lau joined KPMG in August 1995, with his last position as an accountant before he left in January 1997. From September 2000 to April 2011, Mr. Lau worked in the Beijing office of Ernst & Young, with his last position as an audit partner. Mr. Lau later joined Deloitte China and worked as a partner from April 2011 to May 2021. He was the managing director of MC CPA Limited, a certified public accountant firm in Hong Kong, from January 2022 to November 2022.

Mr. Lau was a non-executive director of DreamEast Group Limited (夢東方集團有限公司), a company listed on the Stock Exchange (stock code: 593.hk), from June 2022 to June 2023. He had also been a non-executive director of China Maple Leaf Educational Systems Limited (中國楓葉教育集團有限公司), a company listed on the Stock Exchange (stock code: 1317.hk), from March 2023 to February 2024, and was re-designated as an executive director and co-chief financial officer of China Maple Leaf Educational Systems Limited in March 2024.

Mr. Lau obtained a bachelor's degree of business administration in accounting from the Hong Kong University of Science and Technology in November 1995. Mr. Lau is also a practicing member and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Mr. Wei Lihua (魏立華)	[62]	Executive Director, chairperson of our Board and general manager of the Group	April 21, 2000	April 21, 2000	Responsible for overseeing the overall strategic planning, business direction and operational management of the Group
Ms. Wu Wennan (吳文楠)	[57]	Executive Director, deputy general manager, chief financial officer of the Group and general manager of the financial center	November 15, 2021	August 22, 2022	Responsible for overseeing the overall operation and management of the Group, with a particular focus on financial strategy and reporting and digitalization management
Mr. Liu Senmiao (劉森淼)	[48]	Executive Director, employee representative Director, deputy general manager of the Group and general manager of the formula business division	November 23, 2002	April 5, 2017	Responsible for overseeing the formula business division
Ms. Zhong Yan (仲岩)	[61]	Deputy general manager of the Group and general manager of public affairs center	September 12, 2007	April 5, 2017	Responsible for the Group's public affairs, public relations, auditing supervision, dairy ingredients, and corporate and institution clients business, among others
Mr. Tian Xiao (田曉)	[54]	Deputy general manager of the Group and general manager of the mass products business division	June 8, 2003	October 12, 2021	Responsible for the operation and sales of the Group's liquid dairy products
Mr. Hou Xinfeng (侯新峰)	[47]	Deputy general manager of the Group and general manager of dairy farming business division	October 21, 2013	January 17, 2020	Responsible for overseeing the dairy farming business division
Mr. Yang Hongbin (楊洪濱)	[41]	Deputy general manager of the Group and general manager of premium products business division	March 1, 2012	April 15, 2019	Responsible for overseeing the operation and sales of the premium liquid dairy products
Ms. Huang Yafang (黃亞芳)	[51]	Deputy general manager of the Group	January 8, 2003	May 30, 2022	Responsible for the administrative management of the Group

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Mr. Wang Xiaoyue (王曉悅)	[44]	Board secretary and joint company secretary of the Group	April 23, 2023	April 23, 2023	Responsible for overseeing the corporate governance and investor relationships

The following sets forth the biographies of our senior management:

Mr. Wei Lihua (魏立華) is our executive Director, chairperson of our Board and general manager of the Group. For details of his biographies, see "— Board of Directors — Executive Directors" in this section.

Ms. Wu Wennan (吳文楠) is our executive Director, deputy general manager, the chief financial officer and general manager of financial center. For details of her biographies, see "— Board of Directors — Executive Directors" in this section.

Mr. Liu Senmiao (劉森淼) is our executive Director, deputy general manager and general manager of the formula business division. For details of his biographies, see "— Board of Directors — Executive Directors" in this section.

Ms. Zhong Yan (仲岩), joined our Group in September 2007 and currently serves as the general manager of the public affairs center. Ms. Zhong was appointed as a vice president of the Group in April 2017 and appointed as a deputy general manager in December 2023.

Ms. Zhong has nearly 40 years of experience in the field of corporate management and public affairs. Prior to joining our Group, from September 1987 to March 2002, she served as the manager assistant at Shijiazhuang People's Mall Co., Ltd. (石家莊人民商場股份有限公司). From September 2003 to September 2007, she served as executive general manager at Hebei Sanli Guoji Mingpin Shopping Co., Ltd. (河北三利國際名品購物有限公司).

Ms. Zhong obtained her bachelor's degree in economics and management from Correspondence School of Party School of the CPC Central Committee (中共中央黨校函授學院) in December 2000.

Mr. Tian Xiao (田曉), joined our Group in June 2003 and currently serves as the general manager of the mass products business division. Mr. Tian was appointed as a vice president of our Group in October 2021, and appointed as a deputy general manager of our Group in December 2023.

Mr. Tian has over 30 years of experience in the consumer industry. Prior to joining our Group, from July 1993 to April 1996, Mr. Tian served as a business representative at Shijiazhuang Food Fourth Factory (石家莊市食品四廠). From July 1996 to June 2003, he served as head of business office at Tianjin Tingyi Food Co., Ltd. (天津頂益食品有限公司), formerly known as Tianjin Tingyi International Food Co., Ltd. (天津頂益國際食品有限公司).

Mr. Tian obtained his college diploma in marketing from Hebei College of Commerce (河北商業高等專科學校) in June 1993.

Mr. Hou Xinfeng (侯新峰), joined our Group in October 2013, and currently serves as the general manager of dairy farming business division. He was appointed as a vice president of our Group in January 2020, and as a deputy general manager of our Group in December 2023.

Mr. Hou has over 20 years of experience in the dairy and farming industry. Prior to joining our Group, from November 2001 to June 2010, he successively served as production technology manager and farm manager at BRIGHT Dairy & Food Co., Ltd. (光明乳業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600597.sh), where he was responsible for establishing the production technology system and managing the entire production and operation process of the farm. From July 2010 to September 2013, he successively served as deputy general manager at Inner Mongolia Youran Dairy Co., Ltd. (內蒙古優然牧業有限責任公司), a subsidiary of China Youran Dairy Group Limited (中國優然牧業集團有限公司), a company listed on the Stock Exchange (stock code: 9858.hk).

Mr. Hou obtained his bachelor's degree in veterinary from Yangzhou University (揚州大學) in June 2001, his master's degree in animal science from Nanjing Agriculture University (南京農業大學) in June 2011, and a doctor's degree in veterinary from Northwest A&F University (西北農林科技大學) in December 2025.

Mr. Yang Hongbin (楊洪濱), joined our Group in March 2012 and currently serves as the general manager of premium liquid dairy products business division since December 2023. Mr. Yang was appointed as a vice president of our Group in April 2019, and appointed as a deputy general manager of our Group in December 2023.

Mr. Yang has nearly 20 years of experience in dairy industry. Prior to joining our Group, from 2007 to February 2012, he worked for Inner Mongolia Mengniu.

Mr. Yang obtained his bachelor's degree in electronic information engineering from Ordnance Engineering Institute of PLA (中國人民解放軍軍械工程學院) (currently known as Army Engineering University of PLA (中國人民解放軍陸軍工程大學)) in June 2007.

Ms. Huang Yafang (黃亞芳), joined our Group in January 2003. Ms. Huang was appointed as a vice president of our Group in May 2022, and as a deputy general manager of our Group in December 2023. She served as a Director of the Company from December 2023 to March 2025.

Prior to joining our Group, she worked at Shijiazhuang Cement Factory (石家莊水泥廠) from January 1997 to November 1999.

Ms. Huang graduated with the major of food quality and safety from Hebei Chemical & Pharmaceutical College (河北化工醫藥職業技術學院) in June 2024.

Mr. Wang Xiaoyue (王曉悅), joined our Group in April 2023 and served as Board secretary since then. He was appointed as one of our joint company secretaries in January 2026.

Mr. Wang has over 20 years of experience in corporate governance, investor relationship and capital market operations. Prior to joining our Group, from June 2004 to April 2011, he was engaged in editorial work, journalistic research, and feed industry analysis at the information center of National Animal Husbandry Service/China Feed Industry Association (全國畜牧總站/中國飼料工業協會). From April 2011 to January 2015, he served as senior analyst in research and consulting department at Beijing Orient Agribusiness Consultant Co., Ltd. (北京東方艾格農業諮詢有限公司). From January 2015 to May 2021, he served as deputy director of the board office at New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000876.sz). From May 2021 to April 2023, he served as board secretary at Shenzhen Alpha Feed Co., Ltd. (深圳市澳華集團股份有限公司).

Mr. Wang obtained his bachelor's degree in agronomy from Southwest University (西南大學) in July 2004. He further obtained his master's degree in MBA from China Agricultural University (中國農業大學) in June 2019.

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed below, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Mr. Yang Wenjun ("**Mr. Yang**"), our independent non-executive Director, purchased a minor shareholding interest in Inner Mongolia Erdun through block trade in May 2021, and subsequently conducted three tranches of share purchases in two separate days in the same month. All of the share purchases have been disclosed through reports of changes in equity at the NEEQ. Due to his failure to timely suspend trading for those three following tranches of share purchases conducted in May 2021, at the time when his shareholding reached certain percentage thresholds as relevant regulations required, Mr. Yang, was found by The National Equities Exchange and Quotations Corporation Limited ("全國中小企業股份轉讓系統有限責任公司") ("**NEEQ Co., Ltd.**") to have violated certain rules in relation to his purchases of shares in Inner Mongolia Erdun. On September 23, 2021, NEEQ Co., Ltd. imposed self-regulatory measures against him by issuing a warning letter. Mr. Yang was appointed as the chairman of Inner Mongolia Erdun in June 2021 in recognition of his past experience in corporate management, and temporarily served as the board secretary at the time in the absence of a board secretary appointee. Prior to that, he had not held any position in Inner Mongolia Erdun. As disclosed by Inner Mongolia Erdun, Mr. Yang and his spouse were the second largest shareholder and did constitute neither a controlling shareholder nor an actual controller of Inner Mongolia Erdun.

Later, due to violations by Inner Mongolia Erdun in failure of identifying the companies controlled by the family members of the actual controllers who were customers or suppliers of Inner Mongolia Erdun as related parties, review of related party transactions and information disclosures each year during the period of 2016 to August 2022, which involved the corresponding to the annual reports from 2016 to 2021 and the interim report of 2022 and resulted in unidentified related transactions amounts ranging from RMB32 million to RMB211 million, Mr. Yang, who served as the chairperson and board secretary of Inner Mongolia Erdun for a limited period from June 2021 to December 2021, was found to have failed to fulfill his duty of diligence by each of NEEQ Co., Ltd. and Inner Mongolia Regulatory Bureau (內蒙古監管局) in February 2023 and March 2024, respectively. Both NEEQ Co., Ltd. and Inner Mongolia Regulatory Bureau are competent authorities of the listing compliance matters of Inner Mongolia Erdun and Mr. Yang Wenjun and both of them issued a warning letter imposing self-regulatory measures against Mr. Yang Wenjun, primarily due to his statutory roles at the time despite his short tenure and limited involvement. The nature of these transactions primarily involved the purchase and sale of goods in the ordinary course of business between Inner Mongolia Erdun and entities controlled by the actual controller's family members.

Notwithstanding the above, our Directors consider that the above incidents would not raise concerns as to Mr. Yang's character, experience, integrity and ability to discharge his duties as a director, including fiduciary duties and duties to exercise skill, care and diligence to a standard that is commensurate with his position as a director of a listed company in Hong Kong under Rule 3.08 and 3.09 of the Listing Rules, based on the following reasons:

(i) as advised by our PRC Legal Advisor, the issuance of the warning letter is purely a regulatory measure, which is different from an administrative penalty;

(ii) as further advised by our PRC Legal Advisor, such regulatory measure did not disqualify Mr. Yang from acting as a director or senior management of any PRC company under the PRC Company Law;

(iii) the delayed trading suspension was a procedural oversight that yielded no personal financial benefit to Mr. Yang. The transactions noted in the warning letter were acquisitions rather than disposals, and the delay therefore did not provide Mr. Yang with an opportunity to cash out or realize any improper profit. As confirmed by Mr. Yang, the failure to suspend trading for three following tranches of share purchases conducted in May 2021 was unintentional. Mr. Yang purchased the shares of Inner Mongolia Erdun through both block trades and open market purchases. As an outside then-independent investor, Mr. Yang only had access to his own stock account information and had no visibility into Inner Mongolia Erdun's real-time shareholding position. Therefore, per Inner Mongolia Erdun's practice, the relevant employee of Inner Mongolia Erdun were and shall be responsible for the information disclosure matters, including alerting Mr. Yang when his shareholding reached certain thresholds and guiding him on compliance with the relevant requirements including its proposed sequencing and timetable, who was also expected to identify and alert Mr. Yang when his shareholding reached certain thresholds and guiding him on the procedural and compliance requirements arising at each stage of the transactions and to coordinate the necessary steps for a trading suspension. However, due to the inadvertent misunderstanding by that employee, he did not identify such matter in time, alert Mr. Yang to the need for an immediate suspension,

or arrange for the suspension procedure to be initiated before the subsequent purchases. Mr. Yang immediately took remedial procedures after he identified the issues and made information disclosures as soon as possible on May 20 and 31, 2021, respectively. Following the incident, Mr. Yang subsequently strengthened the relevant review and compliance procedures, and no similar incident has occurred since then. Mr. Yang afterwards fully stepped down from his roles in Inner Mongolia Erdun in December 2021. Subsequently, between June 2022 and September 2022, Mr. Yang disposed of his entire shareholding acquired in May 2021 in Inner Mongolia Erdun, for which he complied with the applicable regulatory requirements. As the number of shares and the total transaction value of Mr. Yang's purchases and disposals of Inner Mongolia Erdun shares were equal, he did not derive any profit from the relevant share transactions. Mr. Yang no longer holds any interests in Inner Mongolia Erdun.

(iv) it is important to note that Mr. Yang held his positions at Inner Mongolia Erdun only for a brief six-month period from June 2021 to December 2021, which represented only a small fraction of the period covered by the regulatory review. As confirmed by Mr. Yang, during his six-month tenure as its chairperson and board secretary of such company, he did not actively participate in the actual business or operation of such company, and he had limited knowledge of or communication with such company due to the brief duration of his term and the COVID-19 pandemic, and the matters leading to the warning letter were already in place prior to his appointment. The regulatory measures imposed on him were primarily due to his statutory roles as chairperson and board secretary at Inner Mongolia Erdun at the relevant time. In particular, Mr. Yang was neither involved in preparing the annual reports for the years of 2016 to 2020 prior to his appointment, nor the annual report for the year of 2021 as he resigned in December 2021, which was before its preparation cycle began. The underlying matters leading to the warning letter were inherited, systemic deficiencies originating from the actual controllers that were already deeply entrenched in the company's daily operations long before his arrival.

While the NEEQ explicitly rejected his defense and held him strictly accountable for the identification and disclosure of related party transactions based on his statutory roles, this penalty reflects a regulatory attribution of responsibility for failing to uncover pre-existing, concealed related party transactions during his brief transitional tenure, rather than any active participation in or deliberate concealment of such transactions;

(v) the incidents did not raise any concern over the issue of integrity or character of Mr. Yang, particularly as there was no evidence of dishonesty, fraud or deliberate wrongdoing on his part, which would affect his suitability to act as an independent non-executive Director. This is further supported by the fact that the warning was cautionary in nature without any imposition of fines or professional disqualification, and those incidents involved only a minor trading breach and a brief term of chairmanship pertaining to disclosure technicalities. All of those underlying matters were historical and Mr. Yang did not derive any personal financial benefit therefrom;

(vi) no regulatory authority or stock exchange disqualified Mr. Yang from acting as an independent director of any public company as a consequence of such incidents; and

(vii) there were no civil actions or administrative or criminal punishments taken by any regulatory authority or stock exchange against Mr. Yang in respect of the incidents.

Based on above, the Directors are of the view that these incidents would not affect the suitability of Mr. Yang as a Director of the Company under Rules 3.08 and 3.09 of the Listing Rules. Based on the PRC Legal Advisor's views and the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' view regarding Mr. Yang's suitability to serve as a Director in any material respects.

JOINT COMPANY SECRETARIES

Mr. Wang Xiaoyue (王曉悅) was appointed as one of our joint company secretaries on January 6, 2026. For details of his biography, see "— Senior Management" in this section.

Ms. Ho Sze Wah Cecilia (何詩華) was appointed as one of our joint company secretaries on January 6, 2026. Ms. Ho has over 14 years of experience in company secretarial services and corporate governance for both Hong Kong and multinational corporations. She is skilled in managing corporate entities and their compliance, as well as overseeing and supervising

subsidiaries across various industries. She currently serves as Assistant Manager of Global Entity Compliance at Computershare Hong Kong Investor Services Limited. In this role, she continues to utilize her extensive expertise in corporate governance and compliance to support clients in navigating complex regulatory environments and strategic initiatives.

Ms. Ho holds a master's degree in professional accounting and Corporate Governance from City University of Hong Kong and a bachelor's degree of business administration and management from De Montfort University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Wang Ying (王鶯), Mr. Yang Wenjun (楊文俊), and Mr. Lau King Pak (劉勁柏). Both Ms. Wang Ying and Mr. Lau King Pak are the persons holding the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and Ms. Wang Ying serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, reviewing the Company's financial information and its disclosure, and monitoring and evaluating internal and external audit work and internal controls.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Yang Wenjun (楊文俊), Mr. Wei Lihua (魏立華), and Ms. Wang Ying (王鶯). Mr. Yang Wenjun (楊文俊) serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, developing standards and procedures for the election of our Directors and senior management of the Company and examining the qualifications of the candidates for our Directors and senior management.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Lau King Pak (劉勁柏), Mr. Wei Lihua (魏立華), and Mr. Yang Wenjun (楊文俊). Mr. Lau King Pak (劉勁柏) serves as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but not limited to, formulating evaluation standards for our Directors and senior management of the Company, implementation of measures in response to such evaluation, and formulating and reviewing the remuneration policies and plans for Directors and senior management of the Company.

Strategy Committee

The Strategy Committee of our Company consists of three Directors, namely Mr. Wei Lihua (魏立華), Ms. Wu Wennan (吳文楠), and Mr. Guo Zhenwei (郭振煒). Mr. Wei Lihua (魏立華) serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, reviewing and making recommendations regarding the business objectives, development strategies and financing of the Company.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

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

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 6, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind. For information on remuneration of Directors during the Track Record Period, as well as information on remuneration of the five highest paid individuals, see notes (XI) 5 (5) and (XI) 5 (6) to the Accountants' Report.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB19.2 million.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Corporate Governance Code

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules after the [**REDACTED**], save for the matter disclosed below.

Pursuant to paragraph C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between chairperson and chief executive should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive and Mr. Wei currently performs the roles of the chairperson of our Board and the general manager of our Company. Mr. Wei has extensive experience in the business operations and management of our Group. Our Board is of the view that, given his background and experience, personal profile and the roles he holds within our Company as mentioned above, Mr. Wei is the Director best suited to identify strategic opportunities and guide focus of the Board due to his comprehensive understanding of our business as our general manager. The Board also believes that vesting the roles of both chairperson and general manager in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this arrangement will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Board Diversity Policy

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Compliance Advisor

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances: (a) before the publication of any regulatory announcement, circular or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases; (c) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OVERVIEW

Prior to the [**REDACTED**], in our ordinary and usual course of business, our Company has entered into a number of transactions with our connected persons as defined under Chapter 14A of the Listing Rules. Upon Listing, the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

Following the [**REDACTED**], we expect to continue our transactions with the following parties which will be connected persons of our Company under the Listing Rules:

No.	Name	Connected relationship
1. . .	Banner Dairy and Banner Farming (together with their respective subsidiaries, the "**Connected Subsidiaries**")	Each of Banner Dairy and Banner Farming is a non-wholly owned subsidiary of our Company owned as to 12.66% by Mr. Wei Liqiang (魏立強), the brother of Mr. Wei, our Controlling Shareholder and executive Director, and therefore constitutes a connected subsidiary of our Company under the Listing Rules.
2. . .	Mr. Wei Futian and Mr. Wei Fuhe and their associates, including Shijiazhuang Hetiande Trading Co., Ltd. (石家莊禾田德商貿有限公司) ("**Hetiande**") and Shijiazhuang Zejun Trade Co., Ltd. (石家莊澤君商貿有限公司) ("**Shijiazhuang Zejun**") (the "**Connected Distributors**")	Hetiande was beneficially owned as to 70% by Mr. Wei Futian (魏蚨田) and 30% by Mr. Wei Fuhe (魏蚨禾), and Shijiazhuang Zejun was beneficially owned as to 100% by Mr. Wei Futian. Both Mr. Wei Futian and Mr. Wei Fuhe are nephews of Mr. Wei and constitutes a deemed connected person of our Company under the Listing Rules.
3. . .	Hebei Pinyuan Biotechnology Co., Ltd. (河北品元生物科技有限公司) ("**Hebei Pinyuan**") and its subsidiaries ("**Pinyuan Group**")	Hebei Pinyuan was owned by Hebei Pinyuan Enterprise Management Company Limited (河北品元企業管理有限公司) as to 33.25%, which is held by Mr. Wei as to 60% and his spouse, Ms. He Xiaomei as to 40%, and therefore constitutes a connected person of our Company under the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Banner Sales Framework Agreement

Principal Terms

On [●], 2026, the Company entered into an agreement with Banner Dairy and Banner Farming (the "**Banner Sales Framework Agreement**"), pursuant to which, (a) Banner Dairy agrees to purchase production materials primarily including raw milk, packaging materials and marketing related consulting services, and (b) Banner Farming agrees to purchase cattle breeding related production materials primarily including feed, vaccines and whole milk powder, from the Company and other subsidiaries of the Group. The Banner Sales Framework Agreement has a term commencing from the [**REDACTED**] and ending on December 31, 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons for the Transactions

The Connected Subsidiaries have been operated within the Group and managed by the Company with the brand "Banner (旗幟)" since 2018. They have been closely working with the Company and other subsidiaries of the Group for nearly a decade and "Banner (旗幟)" has also become one of our established formula brands that enriches our infant formula offerings. Therefore, Banner Dairy has substantial production and sales support demand from the Group.

As one of our largest and most modernized dairy farms, Banner Farming also has procurement needs related to cattle breeding, which can be supported by the Group's comprehensive value chain. Such cooperations provide mutual benefits to our Group and our Connected Subsidiaries, which in turn improve synergies and enhance business growth for both the Connected Subsidiaries and our Group. We believe it is in the best interests of the Group and our Shareholders as a whole to continue to sell relevant products and services to the Connected Subsidiaries after the [**REDACTED**].

Pricing Policy

The prices of transactions contemplated under the Banner Sales Framework Agreement are determined on a cost-plus basis, designed to ensure the Group recovers all operational outgoings while achieving a reasonable profit margin. Specifically, to ensure the transactions under the Banner Sales Framework Agreement are conducted on normal commercial terms that are fair and reasonable and in the interests of the Group and its Shareholders as a whole:

(i). with respect to the production materials sold to Banner Dairy, the price is based on the actual cost and expenses of relevant materials, including our production and processing costs of the raw milk and packaging materials and other costs including quality compliance expenses and logistics expenses, plus a margin tied to volume stability. This margin is determined by the Group's dairy farming division and package manufacturing division, after considering factors such as the Group's historical margins, the market positioning of the materials, and the prices of competitive products. For orders involving high volume or long-term stability, the Group may apply discounts within the approved margin range, a practice consistent with the Group's standard commercial terms offered to independent customers.

(ii). with respect to the cattle breeding related production materials sold to the Banner Farming, the price includes production costs of the feeds and other materials, internal production overheads and logistics expenses. To ensure the pricing remains fair and reasonable, the Group's feed division and dairy farming division conducts periodic review and research and obtain price quotes for comparable products from Independent Third Parties or referencing prevailing industry indices.

The sales prices of our products and services under the Banner Sales Framework Agreement are fair and reasonable, and on normal commercial terms no less favorable to the terms we offered to Independent Third Parties and other subsidiaries.

Historical Transaction Amounts

Our relevant transaction amounts with the Connected Subsidiaries amounted to approximately RMB211.2 million, RMB321.0 million, RMB298.1 million and RMB137.2 million for the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively and, by way of illustration, accounted for approximately 1.2%, 1.6%, 1.5% and 1.3% of our revenue for each of the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively.

Annual Cap and Basis of Cap

Our proposed annual caps of the product and services sales to the Connected Subsidiaries under the Banner Sales Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB305 million, RMB318 million and RMB355 million, respectively.

In arriving at the above annual caps, the Directors have considered the following factors: (1) the existing contracts between our Group and the Connected Subsidiaries, (2) the historical transaction amounts, which established a baseline for the recurring demand and to ensure the estimated growth remains within a reasonable historical trend, (3) the estimated increase in the demand from the Connected Subsidiaries in the next three years, based on factors, in particular, (i) in line with the overall business expansion, production plans and business development strategies, the expected production volume of Banner Dairy, in relation to products manufactured under its own brands and products manufactured on behalf of the Company, will grow for the following years, reaching an estimated total manufacturing volume of approximately 18,400, 18,500 and 18,600 tonnes in 2026, 2027 and 2028, respectively, representing a year-on-year increase of approximately 0.1%, 0.3% and 0.4%,

respectively, which will inherently drive an increase in its demand for various raw materials, including raw milk and packaging materials. Notably, in line with the Group's strategic realignment, Banner Dairy and its subsidiary have shifted their capacity allocation focus from provision of contractual manufacturing services for other entities including other subsidiaries of the Group toward production of proprietary products for sale to the Group, and the latter having greater demand for sourcing raw materials from within the Group; and (ii) its steady growth of cattle herd size of Banner Farming for the following years, including milkable cows at lactation stage that is expected to be approximately 16,400, 16,600 and 16,700 heads by the end of 2026, 2027 and 2028, respectively, representing a year-on-year increase of approximately 5.5%, 1.2% and 0.6%, respectively, leading to corresponding growth in demand for breeding related production materials primarily feed, vaccines and whole milk powder, as Banner Farming's mature operational stage; and (4) the expected sales price of the respective products and services.

2. Connected Distributors Sales Framework Agreement

Principal Terms

On [●], 2026, the Company entered into an agreement with the Connected Distributors (the "**Connected Distributors Sales Framework Agreement**"), pursuant to which, our Group may from time to time sell our products to Connected Distributors, as our distributor, for their distribution to downstream customers. The Connected Distributors Sales Framework Agreement has a term commencing from the [**REDACTED**] and ending on December 31, 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons for the Transactions

We have been selling our products through a large number of distributors through our nationwide sales and distribution network, including the Connected Distributors. Hetiande is a limited liability company established in the PRC on December 14, 2016 with extensive industry experience and proven track record as our distributor. Shijiazhuang Zejun, a limited liability company established in the PRC on March 18, 2026, is under common control with Hetiande for the management and expansion of different sales network. We believe it is in the best interests of the Group and our Shareholders as a whole to continue to engage the Connected Distributors as our distributor after the [**REDACTED**].

Pricing Policy

The prices for the products we offered to the Connected Distributors under the Connected Distributors Sales Framework Agreement shall follow our standard guided pricing system applicable to all distributors for our products and is generally in line with the prices we offer to other distributors who are Independent Third Parties in the ordinary course of business. Specifically, the Group ensures pricing consistency and the transactions under the Connected Distributors Sales Framework Agreement are conducted on normal commercial terms that are fair and reasonable and in the interests of the Group and its Shareholders as a whole by applying the same guided pricing system and suggested wholesale and retail prices to the Connected Distributors as those provided to other distributors. For details of our pricing management among distributors, see "Business — Sales and Distribution" in this Document.

Historical Transaction Amounts

Our relevant product sales to the Connected Distributors amounted to approximately RMB24.6 million, RMB49.1 million, RMB48.7 million and RMB21.5 million for the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively and, by way of illustration, accounted for approximately 0.1%, 0.2%, 0.2% and 0.2% of our revenue for each of the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively.

Annual Cap and Basis of Cap

Our proposed annual caps of the products sales to the Connected Distributors under the Connected Distributors Sales Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB65 million, RMB80 million and RMB90 million, respectively.

In arriving at the above annual caps, the Directors have considered the following factors: (1) the existing contracts between the Group and the Connected Distributors, (2) the historical transaction amounts for the abovementioned transactions, (3) the estimated increasing demand of our products by downstream customers reached through the Connected Distributors by approximately 15% per annum for the next three years, driven by the Connected Distributors' plan to expand formula retail outlets coverage in their local market with the number of retail outlets projected to reach between 750 and 850, and (4) the expected sales price.

3. Pinyuan Procurement Framework Agreement

Principal Terms

On [●], 2026, the Company entered into an agreement with Hebei Pinyuan (the "**Pinyuan Procurement Framework Agreement**"), pursuant to which, our Group agrees to procure from Pinyuan Group breeding-related products including, among others, frozen bovine semen, calf and production materials such as spare parts, consumables, and instruments. The Pinyuan Procurement Framework Agreement has a term commencing from the [**REDACTED**] and ending on December 31, 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons for the Transactions

Hebei Pinyuan is a professional genetic supplier from elite bulls which was held as a subsidiary of our Company between its establishment and December 2023. Currently, our Company is interested in Hebei Pinyuan as to approximately 28.05% and Hebei Pinyuan is also one of our associated companies. Pinyuan Group has been providing genetic-related products to our Group since its inception and has been maintaining stable and long-term cooperative relationship which largely contributed to the enhancement of our dairy cow qualities. We believe it is in the best interests of the Group and our Shareholders as a whole to continue to purchase genetic-related products from Pinyuan Group after the [**REDACTED**].

Pricing Policy

The prices of transactions contemplated under the Pinyuan Procurement Framework Agreement recognizes the inherently individualistic nature and significant genetic variability of these products with reference to the independent benchmarking, third-party comparables and shall also be in line with the prices as Pinyuan Group offers to other Independent Third Parties in the ordinary course of business, and determined based on arm's length negotiations between the parties with reference to the qualities of genetic-related products, relevant labor costs, costs of materials, and the prevailing market price of similar products.

Specifically, in accordance with the relevant internal control policies, the diary farming division and the finance department of the Group are responsible for demonstrating and reviewing the fairness of Pinyuan's price quotes and conducting formal approvals, which involves obtaining and reviewing supporting materials such as the basis for pricing and price comparability analyses.

Historical Transaction Amounts

Our relevant transaction amount with Pinyuan Group amounted to approximately RMB51.6 million, RMB41.9 million, RMB46.1 million and RMB9.2 million for the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively and, by way of illustration, accounted for approximately 0.3%, 0.2%, 0.2% and 0.1% of our total costs for each of the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively.

Annual Cap and Basis of Cap

Our proposed annual caps of the products procurement from Pinyuan Group under the Pinyuan Procurement Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB25 million, RMB26 million and RMB27 million, respectively.

In arriving at the above annual caps, the Directors have considered the following factors: (1) the existing contracts with Pinyuan Group; (2) the historical transaction amounts; (3) the estimated demand in the next three years, based on factors including, among others, our dairy cow herd size in particular, (i) previously, the Group incubated Pinyuan Group's development by procuring calves and reselling the raised breeding cattle back to them. As Pinyuan Group has gradually established its independent breeding capabilities over time, such arrangement has concluded; and (ii) the Group's demand in frozen semen is expected to be stabilized, and Pinyuan Group intends to expand its independent client base; and (4) the expected sales price based on communication with Pinyuan Group.

Listing Rules Implications

In respect of each of the continuing connected transactions as described above, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis. Accordingly, each of the continuing connected transactions as described above are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Banner Procurement Framework Agreement

Principal Terms

On [●], 2026, the Company entered into an agreement with Banner Dairy and Banner Farming (the "**Banner Procurement Framework Agreement**"), pursuant to which, (a) Banner Farming agrees to sell, among others, raw milk, and (b) Banner Dairy agrees to sell, among others, formula products and other production materials, and to provide contract manufacturing services, to the Company and other subsidiaries of the Group. The Banner Procurement Framework Agreement has a term commencing on the [**REDACTED**] and ending on December 31, 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons for the Transactions

The Connected Subsidiaries have been operated within the Group and managed by the Company with the brand "Banner (旗幟)" since 2018. They have been closely working with other subsidiaries of the Group for nearly a decade and "Banner (旗幟)" has also become one of our established formula brands that enriches our infant formula offerings. Therefore, Banner Dairy leverages the Group's sales strengths for products promotion and distribution, while its production facilities also provide manufacturing support for our Group. As one of our largest and most modernized dairy farms, Banner Farming provides raw milk to other subsidiaries of the Group to meet our Group's significant raw milk demand. Such cooperations provide mutual benefits to our Group and our Connected Subsidiaries, which in turn improve synergies and enhance business growth for both the Connected Subsidiaries and our Group. We believe it is in the best interests of the Group and our Shareholders as a whole to continue to purchase relevant products and services from the Connected Subsidiaries after the [**REDACTED**].

Pricing Policy

The prices of transactions contemplated under the Banner Procurement Framework Agreement shall be not less favorable than the prices as we purchase from, or the prices the Connected Subsidiaries provided to, other Independent Third Parties in the ordinary course of business, and determined based on arm's length negotiations between the parties with reference to the types of products and services, the relevant labor costs and costs of materials, and the prevailing market price of similar products and services. In particular, (i) with respect to the products provided by Banner Dairy, we take into consideration the benchmark prices of similar products provided by the market or our dairy factories in the Group, the volume, the payment terms and the overall group scale advantage; (ii) with respect to the products provided by Banner Farming, we consider regional market reference prices and prices of similar products provided by our other farms, quality metrics, the volume and the regional geographical advantages; and (iii) with respect to the contract manufacturing services provided by Banner Dairy, the services fee provided to Banner Dairy is calculated depending on the product it manufactures and is charged per ton based on the market price, which is a fair and reasonable calculating method in the industry.

The prices of transactions contemplated under the Banner Procurement Framework Agreement shall be not less favorable than the prices as we purchase from, or the prices the Connected Subsidiaries provided to, other Independent Third Parties in the ordinary course of business, and determined based on arm's length negotiations between the parties with reference to the types of products and services, the relevant labor costs and costs of materials, and the prevailing market price of similar products and services. In particular, to ensure that the transactions under the Banner Procurement Framework Agreement are conducted on normal commercial terms that are fair and reasonable and in the interests of the Group and its Shareholders as a whole:

(i) with respect to the products provided by Banner Dairy, we take into consideration the benchmark prices of similar products provided by the market or our dairy factories in the Group, the volume, the payment terms and the overall group scale advantage, and our formula division ensures the price fairness by comparing the terms with quotes obtained from various Independent Third Party suppliers of similar products to ensure the prices are no less favorable than the prevailing market rates;

(ii) with respect to the products provided by Banner Farming, we consider regional market reference prices and prices of similar products provided by our other farms, quality metrics, the volume and the regional geographical advantages, and we further verify the price by referencing prevailing industry indices for raw milk and ensuring the quality metrics align with our internal standards; and

(iii) with respect to the contract manufacturing services provided by Banner Dairy, the services fee provided to Banner Dairy is calculated depending on the product it manufactures and is charged per ton based on the market price, which is a fair and reasonable calculating method in the industry, and our Group regularly compares such service fees against the benchmark rates charged by other independent contract manufacturers to ensure they remain competitive. Furthermore, the Group's finance department performs periodic reviews to verify that the prices charged by Banner Dairy and Banner Farming are not less favorable than the prices they offer to their other independent customers.

Historical Transaction Amounts

Our relevant transaction amounts with the Connected Subsidiaries amounted to approximately RMB409.9 million, RMB951.8 million, RMB1,201.5 million and RMB597.3 million for the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively and, by way of illustration, accounted for approximately 2.4%, 5.3%, 6.4% and 6.3% of our total costs for each of the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively.

Annual Cap and Basis of Cap

Our proposed annual caps of the products and services procured from the Connected Subsidiaries under the Banner Procurement Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB1,350 million, RMB1,400 million and RMB1,450 million, respectively.

In arriving at the above annual caps, the Directors have considered the following factors:

(1) the existing contracts with the Connected Subsidiaries;

(2) the historical transaction amounts and organic growth trend for the procurement of relevant production materials and services during the Track Record Period, establish a baseline for the recurring demand and to ensure the estimated growth remains within a reasonable historical trend;

(3) the estimated increase in the demand within the Group and from the downstream customers and the production ability of the Connected Subsidiaries in the next three years, based on factors in particular: (i) in line with our business expansion and steady development, the expected production volume of Banner Dairy, in relation to products manufactured under its own brands and products manufactured on behalf of the Company, will grow for the following years, reaching an estimated total manufacturing

volume of approximately 18,400, 18,500 and 18,600 tonnes in 2026, 2027 and 2028, respectively, representing a year-on-year increase of approximately 0.1%, 0.3% and 0.4%, respectively; (ii) in line with the Group's recent strategic realignment, Banner Dairy and its subsidiary have shifted their capacity allocation focus from provision of contractual manufacturing services for other entities including other subsidiaries of the Group toward production of proprietary products for sale to the Group, and the proprietary products command at higher per-unit selling prices compared to contract manufacturing fees; and (iii) regarding procurement from Banner Farming, a further release of production capacity due to the steady growth of the number of milkable cows at lactation stage of Banner Farming, which is expected to be approximately 16,400, 16,600 and 16,700 heads by the end of 2026, 2027 and 2028, respectively, representing a year-on-year increase of approximately 5.5%, 1.2% and 0.6%, respectively, leading to an increased supply of raw milk to support our Group's production requirements; and

(4) the expected sales price based on historical quotes and the prevailing market price of similar products and services, whilst the unit prices remain relatively stable due to the integrational synergy and industry maturity.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the transactions under the Banner Procurement Framework Agreement are expected to exceed 5% on an annual basis, such transactions will, upon [**REDACTED**], be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

TERMINATION CLAUSES

The termination clauses of each of Banner Sales Framework Agreement, Connected Distributors Sales Framework Agreement, Pinyuan Procurement Framework Agreement and Banner Procurement Agreement stipulates that, the respective agreement and the transactions contemplated thereunder are conditional upon compliance with the Listing Rules (such as obtaining an exemption from the Stock Exchange and independent shareholders' approval, where applicable). If relevant regulatory requirements are not satisfied, approvals lapse or are revoked, or if any party ceases operations, becomes bankrupt, loses its ability to perform, a force majeure event occurs, or the respect counterparty ceases to be a connected person of our Group, the respect agreement and the transactions thereunder shall then terminate.

CONFIRMATION OF OUR DIRECTORS

Our Directors (including independent non-executive Directors) consider that (i) the partially-exempt and non-exempt continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the partially-exempt and non-exempt continuing connected transactions above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In relation to the continuing connected transactions above, we have applied for, and the Stock Exchange [has] granted to us, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ending December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.

OUR CONTROLLING SHAREHOLDERS

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

In addition, Yuehui Xinghong II and Zhenlecheng I (and their ultimate beneficial owners) do not exercise control or influence over the Yuehui Xinghong and Zhenlecheng on the basis that (a) general partner of Yuehui Xinghong and Zhenlecheng retains sole management authority over the platforms and voting control of the Company's Shares held by the platforms, and can only be removed if there is a material breach and such removal requires the unanimous consent of all limited partners, and (b) the limited partners, including Yuehui Xinghong II and Zhenlecheng I are passive participants who are not involved in the operations or decision-making of the platforms, and only have rights on limited protective matters. Therefore, they are not regarded as members of the group of Controlling Shareholders.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [**REDACTED**].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners. In addition, neither Ms. He Xiaomei (Mr. Wei's spouse) nor Ms. Wei Keyao (Mr. Wei's daughter) holds any managerial role within the Group, nor are they involved in the daily management of the Group. Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

(a) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(b) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(c) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have a finance center independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-[**REDACTED**] Investments from third party investors independently. For details of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure" of this Document. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

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

(b) our Group has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

(c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Somerley Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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

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

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB720,000,000 comprising 720,000,000 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and the conversion of certain Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately following the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

RANKING

Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or [**REDACTED**] between legal or natural persons of the PRC. Unlisted Shares and H Shares will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, listing and trading of such converted Shares have been completed. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in the section headed "History, Development and Corporate Structure" in this Document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any application for [**REDACTED**] of the converted Shares on the Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the [**REDACTED**] of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be [**REDACTED**] as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization" in this Document.

RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association" in this Document.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the conversion of our Unlisted Shares to H Shares assuming the [**REDACTED**] is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

			Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in the Unlisted Shares/H Shares[(1)]**	**Approximate percentage of shareholding in our total share capital[(1)]**
Mr. Wei				
Mr. Wei[(2)]	Beneficial owner;	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
	Interest in controlled corporations; Interest as spouse	[**REDACTED**]	[**REDACTED**]%	
Ms. He Xiaomei[(2)]	Beneficial owner;	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
	Interest as spouse	[**REDACTED**]	[**REDACTED**]%	
Lehui Consulting[(2)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
		[**REDACTED**]	[**REDACTED**]%	
Lehui Ruisheng[(2)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
		[**REDACTED**]	[**REDACTED**]%	
Yuehui Xinghong[(2)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Yuehui Xinghong II	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Yuehui Consulting	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Jiang Shuwang (姜樹旺)	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Guo Jingfeng (郭景峰)	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
HongShan				
Ningbo Tanzhi[(3)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
HongShan Kunsheng[(3)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
HongShan Huanjia[(3)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Zhou Kui (周逵)[(3)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Primavera Investment Group				
Chunhua Shaojing[(4)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Chunhua Mingde[(4)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Primavera Capital Fund III L.P.[(4)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%

Name of Shareholder	Nature of interest	Number of Shares	Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)	
			Approximate percentage of shareholding in the Unlisted Shares/H Shares[(1)]	Approximate percentage of shareholding in our total share capital[(1)]
Chunhua (Tianjin) Equity Investment Management Co., Ltd.[(4)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Hu Yuanman[(4)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Ping An Capital				
Ping An Consumer[(5)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Ping An Wealth Management Co., Ltd.[(5)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Ping An Decheng[(5)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Ping An Group[(5)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**] since [**REDACTED**] Unlisted Shares will be converted into H Shares and [**REDACTED**] H Shares will be [**REDACTED**] pursuant to the [**REDACTED**], assuming that the [**REDACTED**] is not exercised.

(2) As of the Latest Practicable Date, Lehui Consulting, a company owned as to 99% by Mr. Wei, was the general partner of each of Lehui Ruisheng, Runde Zhiying II, Yuehui Xinghong, Yuehui Xinghong I, Zhenlecheng and Zhenlecheng XII. As such, by virtue of the SFO, each of Mr. Wei and Lehui Consulting is deemed to be interested in the Shares held by each of Lehui Ruisheng, Yuehui Xinghong, Yuehui Xinghong I, Runde Zhiying II, Zhenlecheng and Zhenlecheng XII.

As of the Latest Practicable Date, Yuehui Xinghong had 27 limited partners holding approximately 99.99% partnership interest therein in aggregate and Zhenlecheng had 11 limited partners holding approximately 99.99% partnership interest therein in aggregate, each of whom was a limited partnership established in the PRC with Shijiazhuang Yuehui Corporate Management Consulting Co., Ltd. (石家莊悅慧企業管理諮詢有限公司) ("**Yuehui Consulting**") being the general partner. Yuehui Consulting was held as to 51% by Jiang Shuwang (姜樹旺) and 49% by Guo Jingfeng (郭景峰), each being an employee of our Company, respectively. Except for Shijiazhuang Yuehui Xinghong II Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳號企業管理中心(有限合夥)) ("**Yuehui Xinghong II**") holding approximately 43.53% partnership interest in Yuehui Xinghong, none of the other limited partners of Yuehui Xinghong and Yuehui Xinghong II holds more than one third of partnership interest therein. As such, by virtue of the SFO, each of Yuehui Consulting, Jiang Shuwang and Guo Jingfeng is deemed to be interested in the Shares held by each of Yuehui Xinghong and Zhenlecheng, and Yuehui Xinghong II is deemed to be interested in the Shares held by Yuehui Xinghong.

(3) Ningbo Tanzhi Enterprise Management Consulting Partnership (Limited Partnership) (寧波探智企業管理諮詢合夥企業(有限合夥)) ("**Ningbo Tanzhi**") is a limited partnership established in the PRC, whose general partner is Jiaxing HongShan Kunsheng Investment Management Partnership Enterprise (Limited Partnership) (嘉興紅杉坤盛投資管理合夥企業(有限合夥)) ("**HongShan Kunsheng**"). None of the limited partners of Ningbo Tanzhi hold 30% or more of its partnership interests therein. The general partner of HongShan Kunsheng is Ningbo Meishan Bonded Port HongShan Huanjia Investment Management Co., Ltd. (寧波梅山保稅港區紅杉桓嘉投資管理有限公司) ("**HongShan Huanjia**"), which is ultimately controlled by Zhou Kui (周逵). As such, by virtue of the SFO, each of HongShan Kunsheng, HongShan Huanjia, Zhou Kui is deemed to be interested in the Shares held by Ningbo Tanzhi.

(4) Chunhua Shaojing (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership) (春華韶景(天津)股權投資合夥企業(有限合夥)) ("**Chunhua Shaojing**") is a limited partnership established in the PRC, whose general partner is Chunhua Mingde (Tianjin) Equity Investment Management Partnership Enterprise (Limited Partnership) (春華明德(天津)股權投資管理合夥企業(有限合夥)) ("**Chunhua Mingde**"). The sole limited partner of Chunhua Shaojing is Primavera Capital Fund III L.P. holding 99.96% of its partnership interests. The general partner of Chunhua Mingde is Chunhua (Tianjin) Equity Investment Management Co., Ltd. (春華(天津)股權投資管理有限公司), holding approximately 96.76% of its partnership interests therein, and is wholly owned by Hu Yuanman (胡元滿).

As such, each of Chunhua Mingde, Primavera Capital Fund III L.P., Chunhua (Tianjin) Equity Investment Management Co., Ltd. and Hu Yuanman is deemed to be interested in the Shares held by Chunhua Shaojing.

Qiushi Xingde (Tianjin) Investment Center (Limited Partnership) (秋實興德(天津)投資中心(有限合夥)) ("**Qiushi Xingde**") is a limited partnership established in the PRC with Qiushi (Tianjin) Equity Investment Management Partnership (Limited Partnership) (秋實(天津)股權投資管理合夥企業(有限合夥)) ("**Qiushi Tianjin**") as its general partner and Primavera Xingkang (Tianjin) Investment Center (Limited Partnership) (春華興康(天津)投資中心(有限合夥)), a limited partnership established in the PRC, and Primavera Xing'an (Tianjin) Investment Center (Limited Partnership) (春華興安(天津)投資中心(有限合夥)) as its limited partners holding approximately 66.37% and 33.59% partnership interests, respectively. The general partner of Qiushi Tianjin is Chunhua Qiushi (Tianjin) Equity Investment Management Co., Ltd. (春華秋實(天津)股權投資管理有限公司) holding approximately 83.33% of its partnership interests therein and is wholly owned by Mingde Chunhua (Tianjin) Asset Management Co., Ltd. (明德春華(天津)資產管理有限公司), which is in turn owned as to 99.95% of its equity interests by Hu Yuanman. As such, Hu Yuanman is also deemed to be interested in the Shares held by Qiushi Xingde.

(5) Tianjin Ping An Consumer Technology Investment Partnership (Limited Partnership) (天津市平安消費科技投資合夥企業(有限合夥)) ("**Ping An Consumer**") is a limited partnership established in the PRC. The general partner of Ping An Consumer is Shenzhen Ping An Decheng Investment Co., Ltd. (深圳市平安德成投資有限公司) ("**Ping An Decheng**"), which is indirectly wholly owned by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("**Ping An Group**"), a company listed on the Shanghai Stock Exchange (stock code: 601318.sh) and the Stock Exchange (stock code: 2318.hk). Except for Ping An Wealth Management Co., Ltd. (平安財富理財管理有限公司) holding approximately 52.92% of its partnership interests, which is wholly owned by Ping An Decheng, none of other limited partners of Ping An Consumer holds 30% or more of its partnership interests therein. As such, each of Ping An Decheng, Ping An Group and Ping An Wealth Management Co., Ltd. is deemed to be interested in the Shares held by Ping An Consumer.

Shanghai Bamao Investment Management Partnership Enterprise (Limited Partnership) (上海巴貿投資管理合夥企業(有限合夥)) ("**Bamao Investment**") is a limited partnership established in the PRC. The general partner of Bamao Investment is Ping An Decheng, holding approximately 0.19% of its partnership interests therein. Bamao Investment is owned as to approximately 96.90% by Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), which is in turn owned as to approximately 99.55% by Ping An Group. As such, each of Ping An Decheng and Ping An Group is also deemed to be interested in the Shares held by Bamao Investment.

Save as disclosed above and the section headed "Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Interests in associated corporations" in this Document, our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

You should read the following discussion and analysis in conjunction with our historical financial information, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed "Risk Factors" and "Business," and elsewhere in this Document.

OVERVIEW

We are a reputable dairy company in China, drawing on more than 30 years of deep industry experience. Today, we have grown into a nationwide dairy company with a comprehensive value chain and diversified product offerings. Leveraging consumer insights and 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. 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.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with the requirements of all applicable China Accounting Standards for Business Enterprises ("CASBE"), which are also referred to as China Accounting Standards, issued by the Ministry of Finance of the PRC. MOF has issued a number of new and revised CASBEs. For the purpose of preparing the historical financial information, we have consistently applied all applicable new and revised CASBEs, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2026, throughout the Track Record Period. The historical financial information also complies with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial conditions are affected by a number of general factors influencing the overall dairy industry in China. These factors include macroeconomic trends, consumer purchasing power, industry development and competitive dynamics. Any adverse development in these areas can have a negative impact on our results of operations. In addition to these general factors, our results of operations are affected by the following company-specific factors:

Product Portfolio and Continuous Product Upgrade

Our revenue growth and profitability are substantially influenced by our product portfolio and innovation capabilities. The revenue contribution of our low-temperature liquid dairy products, which benefited from stronger product differentiation, continued to increase and contributed 35.9%, 38.2%, 42.5%, 39.6% and 46.5% of our revenue in 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, with gross profit margins of 32.7%, 33.7%, 34.1%, 34.5% and 34.4%, respectively. Our ambient liquid dairy products contributed 19.2%, 19.8%, 18.5%, 18.9% and 19.3% of our revenue, with gross profit margins of 24.9%, 22.5%, 19.3%, 20.8% and 22.4%, respectively, for the same years/periods. Our formula products contributed 30.9%, 27.1%, 21.9%, 24.0% and 19.0% of our revenue, with gross profit margins of 52.6%, 56.6%, 57.5%, 60.7% and 57.8%, respectively, for the same years/periods.

Continuous product upgrade is essential to sustaining our competitive position and revenue growth. Leveraging our consumer insights and R&D capabilities, we continuously introduce products that align closely with consumer preferences for health-oriented nutrition. For example, we have successfully captured growth opportunities in the low-temperature liquid dairy segment, with our innovation efforts enabling us to build differentiated brands including Freshjoy (悦鮮活) and SimPurity (簡醇). The market recognition of these brands demonstrates our ability to translate consumer insights into competitive products. Our comprehensive product portfolio spans multiple categories and price points, serving consumers across all age groups with diverse nutritional needs. Our gross profit margin for dairy products remained relatively stable at 37.5%, 37.8%, 36.3%, 38.3% and 36.3% in 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively, supported by our product mix and operational efficiency. We believe that sustaining our product upgrade capabilities and maintaining strong performance across our diversified portfolio is critical to revenue growth and profitability improvement.

Sales Network Expansion and Channel Execution

We reach consumers through an extensive multi-channel sales network integrating both distributor and direct sales channels. Effective management and continuous expansion of these channels enable us to deeply penetrate diverse markets, covering different consumption scenarios and geographic regions, thereby supporting revenue growth and market share gains.

Our sales network consisted of approximately 5,200 distributors as of June 30, 2026, comprising offline distributors who further distribute our products to a wide range of retail terminals including chain supermarkets, convenience stores, grocery stores and mother-and-baby chain stores, and online distributors who sell primarily through e-commerce platforms. Revenue from distributor channels, which accounted for 74.4%, 72.0%, 67.4%, 68.6% and 66.2% of revenue in 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively, amounted to RMB13,053.6 million, RMB14,276.0 million, RMB13,736.3 million, RMB6,829.1 million and RMB7,022.3 million for the same years/periods.

Our direct sales channels included KA customers, e-commerce platforms, online self-operated stores, and corporate and institutional clients. These direct channels enable us to maintain closer consumer relationships, gather first-hand market insights. Revenue from direct sales channels, which represented 20.3%, 24.1%, 25.4%, 23.1% and 28.7% of revenue in 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively, 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 same years/periods.

Our channel penetration effectiveness is enhanced by our disciplined channel management strategy, characterized by strong in-store activation, precision outlet and channel management, across different cities. This approach concentrates resources on securing optimal shelf positioning and promotional visibility at strategic retail outlets, with systematic store visits and point-of-sale management coordinated closely with our location-targeted media placements. This integrated model creates reinforcing cycles between brand presence and retail performance. We believe that continuing to deepen distributor network penetration through disciplined channel execution while expanding direct sales channels across multiple formats is essential to sustaining revenue growth and improving channel efficiency.

Brand Building and Marketing Efficiency

Our brand equity and marketing effectiveness significantly influence our financial performance. We employ a "master brand plus specialized brands" architecture to build strong market positions, with our master brand Junlebao (君樂寶) establishing our corporate identity as a national dairy company, while our specialized brands — including Freshjoy (悦鮮活), SimPurity (簡醇), Youcui (優萃), Purjoy (純享) and others — address specific consumer segments and category positioning. This architecture enables efficient resource allocation and cross-brand synergies, with our master brand providing trust endorsement that enhances consumer awareness across our portfolio. In 2024, we became the official partner of ten Chinese national sports teams, which reinforces our brand positioning and strengthens consumer association with quality and trust.

Our marketing strategy prioritizes cost-efficient channels that align with our distribution strategy, reflecting our strategic shift from broad-reach media to high-conversion channels. We conduct nationwide television advertising campaigns and collaborate with leading variety shows with broad audiences, employing outdoor media advertising to concentrate resources near target retail locations. This strategy enhances the in-store execution of our sales teams while reallocating sales promotion resources towards top-performing distributors and retail stores with higher sales efficiency. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, our advertising expenses and selling and promotion expenses amounted to RMB2,306.2 million, RMB1,956.6 million, RMB1,861.7 million, RMB935.8 million and RMB958.8 million, representing 13.1%, 9.9%, 9.1%, 9.4% and 9.0% of our revenue for the same years/periods. This overall decrease was driven by enhanced marketing precision and our strategic shift toward high-conversion channels. The combination of revenue growth and declining marketing-related expense ratio demonstrates improved marketing return on investment. We believe that maintaining strong brand recognition while continuously optimizing marketing efficiency through integrated brand-sales execution and data-driven resource allocation is critical to sustaining revenue growth and expanding operating margins.

Raw Milk Self-sufficiency and Comprehensive Value Chain

Our cost structure and profitability are substantially influenced by our raw milk self-sufficiency and comprehensive value chain. Raw milk production of our farms reached 1,157 thousand tons in 2025. This vertical integration provides stable supply of raw milk and reduces exposure to market price volatility. During the Track Record Period, our gross profit margin for dairy products remained relatively stable at 37.5%, 37.8%, 36.3%, 38.3% and 36.3% in 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively, reflecting the benefits of our comprehensive value chain.

Our integrated farming operations deliver operational efficiencies and cost advantages. Through economies of scale in feed procurement, optimized herd structure and refined feed formulations enabled by scientific management, we maintain cost competitiveness across our operations. Our disciplined approach to procurement and farm management enables us to manage cost pressures effectively and preserve our competitive position. We believe that maintaining high raw milk self-sufficiency and continuously optimizing our comprehensive value chain is essential to preserving cost competitiveness and sustaining profitability improvement.

Cost Structure and Operational Efficiency

Our profitability depends largely on our ability to effectively control costs and enhance operational efficiency. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, our operating costs amounted to RMB11,542.6 million, RMB12,958.7 million, RMB13,907.2 million, RMB6,646.5 million and RMB7,137.9 million, representing 65.8%, 65.3%, 68.2%, 66.8% and 67.3% of revenue, respectively. In addition, our operating efficiency is affected by our ability to control the aggregate of selling and distribution expenses, general and administrative expenses, research and development expenses and financial expenses. As our business continues to grow, we expect total operating costs and expenses to increase in absolute terms while we expect to benefit from economies of scale to improve our operational efficiency in the long term.

Our digitalization initiatives support cost control and operational efficiency improvements. We have established integrated digital systems across our value chain. These systems support the automation of procurement workflows, optimization of logistics route planning, and enhancement of mobile-based outlet management, facilitating more efficient resource allocation and cost control throughout our operations. Our enterprise resource planning system supports the integration of operational data across functions, while financial shared services platforms facilitate process automation. We believe that continuously enhancing supply chain management capabilities, improving operational efficiency through digitalization, and benefiting from economies of scale are essential to sustaining our gross profit margin profile and achieving long-term profitability improvement.

SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates, and we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We believe the accounting policies that are of critical importance to us include those relating to (i) revenue; (ii) biological assets; (iii) inventories; (iv) business combinations involving enterprises not under common control and goodwill; (v) fixed assets; (vi) construction in progress; (vii) government grants; and (viii) financial instruments. We believe the accounting policies involve the most significant estimates and judgments used in the preparation of our consolidated financial statements include those relating to (i) credit loss allowance for accounts receivable; (ii) provision for write-down of inventories; (iii) depreciation and amortization; (iv) impairment of long-term assets (other than goodwill); (v) impairment of goodwill; and (vi) recognition of deferred tax assets. For details, see Notes (III) and (IV) to the Accountants' Report in Appendix I to this Document.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED INCOME STATEMENT

The following table sets forth selected items of our consolidated income statement for the years/periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this Document. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Revenue	17,546,175	19,832,490	20,382,443	9,951,209	10,608,740
Operating costs	(11,542,582)	(12,958,710)	(13,907,157)	(6,646,543)	(7,137,889)
Gross profit	**6,003,593**	**6,873,780**	**6,475,286**	**3,304,666**	**3,470,851**
Taxes and surcharges	(140,102)	(151,933)	(151,772)	(78,322)	(75,339)
Selling and distribution expenses	(3,600,984)	(3,377,111)	(3,366,682)	(1,637,970)	(1,714,388)
General and administrative expenses	(853,298)	(856,309)	(897,197)	(438,055)	(429,778)
Research and development expenses	(106,003)	(98,747)	(91,580)	(44,151)	(41,638)
Financial expenses	(928,527)	(401,632)	(268,010)	(135,691)	(139,470)
Investment income	31,014	12,475	79,961	43,368	41,947
Other income	235,352	222,386	239,955	103,602	100,789
Losses from changes in fair values	(318)	(15,146)	–	–	–
Credit impairment (losses)/ reversal	(41,584)	19,173	(19,039)	(2,345)	(14,363)
Asset impairment losses	(253,132)	(435,142)	(180,836)	(105,782)	(108,215)
Losses from asset disposals	(205,364)	(397,170)	(454,171)	(274,597)	(264,532)
Operating profit	**140,647**	**1,394,624**	**1,365,915**	**734,723**	**825,864**
Non-operating income	41,526	52,954	37,427	19,308	31,024
Non-operating expenses	(36,142)	(22,005)	(15,909)	(7,801)	(14,119)
Profit before income tax	**146,031**	**1,425,573**	**1,387,433**	**746,230**	**842,769**
Income tax expenses	(140,451)	(311,056)	(190,761)	(111,188)	(135,439)
Net profit	**5,580**	**1,114,517**	**1,196,672**	**635,042**	**707,330**
Net (loss)/profit attributable to:					
– Owners of the Company	(21,442)[1]	1,017,484	1,115,807	595,439	654,414
– Non-controlling interests	27,022	97,033	80,865	39,603	52,916

Note:

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

NON-CASBE FINANCIAL MEASURES

To supplement our consolidated financial statements presented in accordance with CASBE, we use adjusted net profit (*non-CASBE measure*) as an additional financial measure, which is not required by or presented in accordance with CASBE. We believe that this non-CASBE measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of this non-CASBE measure may not be comparable to similarly titled measures presented by other companies. The use of such non-CASBE measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under CASBE.

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

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

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

Our adjusted net profit (non-CASBE measure) was RMB603.0 million in 2023, primarily reflecting (i) a relatively lower revenue base prior to the revenue contribution from our geographic expansion and the consolidation of Yinqiao (銀橋) and LESSON (來思爾) in July 2023, which contributed revenue of RMB748.4 million in 2023 following such consolidation, and RMB1,493.0 million in 2024, representing 4.3% and 7.5% of our total revenue, respectively; and (ii) higher advertising expenses incurred during the year in connection with our brand building initiatives. Our adjusted net profit increased significantly from RMB603.0 million in 2023 to RMB1,160.6 million in 2024, primarily attributable to (i) an increase in gross profit driven by revenue growth resulting from our organic business growth and expansion into emerging markets; and (ii) a decrease in selling and distribution expenses, primarily reflecting improved advertising placement efficiency and a shift toward media channels with higher reach efficiency. Taking into account the impact of the adjustments for interest expenses on financial liabilities related to shareholders' special rights, share-based payment expenses and [**REDACTED**], our net profit increased significantly from

RMB5.6 million in 2023 to RMB1,114.5 million in 2024. In addition to the factors described above, our net profit in 2023 was further affected by interest expenses on financial liabilities related to shareholders' special rights of RMB554.4 million, arising from certain special rights granted to certain Pre-[**REDACTED**] investors which were terminated in 2023, resulting in the derecognition of the relevant liabilities and no such interest expenses were subsequently incurred.

Revenue

By Product Categories

During the Track Record Period, we generated our revenue primarily from sales of (i) dairy products, comprising low-temperature liquid dairy products, ambient liquid dairy products, formula and other dairy products such as lactic acid bacteria beverages, yogurt drinks, cheese and whipping cream; (ii) dairy farming products, primarily including raw milk, feed and beef cattle. In addition, we also generated revenue from other businesses, primarily including (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.

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 years/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	**922,211**	**5.3%**	**775,596**	**3.9%**	**1,472,681**	**7.1%**	**824,659**	**8.3%**	**545,053**	**5.1%**
Semi-processed dairy ingredients	271,915	1.5%	236,881	1.2%	436,465	2.1%	240,585	2.4%	261,487	2.4%
Eggs and non-staple food products	324,270	1.8%	227,771	1.1%	134,135	0.7%	73,913	0.7%	60,214	0.6%
Sales of packaging materials	85,612	0.5%	108,941	0.5%	116,526	0.6%	55,729	0.6%	68,000	0.6%
Contract manufacturing services	195,946	1.1%	117,488	0.6%	96,676	0.5%	69,352	0.7%	71,665	0.7%
Sales of residential units	–	–	–	–	557,055	2.7%	323,827	3.3%	8,955	0.1%
Others	44,468	0.4%	84,515	0.5%	131,824	0.5%	61,253	0.6%	74,732	0.7%
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.

Sales Volume and Average Selling Price

The following table sets forth a breakdown of our sales volume and average selling price by product categories for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume (tons)	*ASP (RMB/Kg)*	*Sales volume (tons)*	*ASP (RMB/Kg)*	*Sales volume (tons)*	*ASP (RMB/Kg)*	*Sales volume (tons)*	*ASP (RMB/Kg)*	*Sales volume (tons)*	*ASP (RMB/Kg)*
Liquid dairy products										
Low-temperature liquid dairy products										
– Low-temperature yogurt	534,887	8.8	602,737	8.8	630,578	8.7	303,628	8.6	328,469	8.8
– Fresh milk	145,881	10.8	227,397	10.0	337,736	9.4	139,071	9.4	216,116	9.4
Ambient liquid dairy products										
– Ambient yogurt	91,322	11.9	93,977	11.3	97,214	10.7	52,291	10.9	65,950	10.3
– Ambient milk	309,320	7.4	425,504	6.7	439,365	6.2	205,057	6.4	216,592	6.3
Formula										
– Infant formula	43,407	104.9	42,889	108.7	34,553	111.4	18,631	112.3	14,980	112.5
– Child formula	7,382	86.4	6,016	80.9	3,440	84.4	1,834	87.0	1,358	94.0
– Adults formula	4,239	53.5	3,265	42.5	3,359	43.4	1,664	45.5	2,251	41.0
– Other formula	193	65.6	2,633	32.4	4,189	42.4	1,215	46.9	2,710	42.4
Other dairy products	**117,594**	**5.9**	**136,377**	**5.8**	**130,418**	**6.4**	**65,175**	**5.9**	**67,408**	**6.8**
Dairy farming										
Raw milk	154,888	4.2	230,584	4.0	127,444	3.9	57,718	3.9	65,952	3.8
Feed and beef cattle										
– Feed[1]	83,179	1.2	329,855	1.3	318,446	2.2	131,748	2.4	138,023	2.6
– Beef cattle	2,672	22.0	2,311	19.6	–[2]	–[2]	–[2]	–[2]	–[2]	–[2]
Other business	**NA***	**NA***	**NA***	**NA***	**NA***	**NA***	**NA***	**NA***	**NA***	**NA***

Note:

NA*: Not applicable.

(1) Feed comprises a wide range of categories which differ in terms of product nature and unit price. The average selling price presented above represents the blended average selling price across all feed categories.

(2) We ceased to sell beef cattle in 2024.

The following table sets forth a breakdown of our revenue from dairy products by brand, in absolute amounts and as percentages of our total dairy products revenue, for the years/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)									
Low-temperature yogurt	**4,713,784**	**29.9%**	**5,306,447**	**30.0%**	**5,479,988**	**30.9%**	**2,623,919**	**30.6%**	**2,890,669**	**30.6%**
SimPurity (簡醇)	2,195,422	13.9%	2,411,019	13.6%	2,511,521	14.2%	1,171,479	13.7%	1,351,365	14.3%
Junlebao (君樂寶)*	2,097,798	13.3%	2,155,187	12.2%	2,177,489	12.3%	1,068,374	12.4%	1,110,342	11.8%
Others[(1)]	420,564	2.7%	740,241	4.2%	790,978	4.4%	384,066	4.5%	428,962	4.5%
Fresh milk	**1,573,586**	**10.0%**	**2,274,501**	**12.9%**	**3,168,374**	**17.9%**	**1,312,713**	**15.2%**	**2,039,535**	**21.6%**
Freshjoy (悅鮮活)	1,362,715	8.6%	1,881,186	10.6%	2,617,421	14.8%	1,060,353	12.3%	1,771,834	18.8%
Junlebao (君樂寶)*	177,675	1.1%	319,337	1.8%	489,073	2.8%	222,652	2.6%	238,067	2.5%
Others[(2)]	33,196	0.3%	73,978	0.5%	61,880	0.3%	29,708	0.3%	29,634	0.3%
Ambient yogurt	**1,084,961**	**6.9%**	**1,065,961**	**6.0%**	**1,041,509**	**5.9%**	**570,455**	**6.6%**	**679,697**	**7.2%**
SimPurity (簡醇)	665,519	4.2%	661,845	3.7%	633,765	3.6%	343,766	4.0%	420,176	4.5%
Junlebao (君樂寶)*	397,003	2.5%	368,872	2.1%	376,061	2.1%	211,808	2.4%	229,293	2.4%
Others[(3)]	22,439	0.2%	35,244	0.2%	31,683	0.2%	14,881	0.2%	30,228	0.3%
Ambient milk	**2,291,924**	**14.5%**	**2,856,151**	**16.2%**	**2,723,820**	**15.4%**	**1,312,316**	**15.3%**	**1,365,216**	**14.4%**
Junlebao (君樂寶)*	1,924,885	12.2%	2,115,780	12.0%	2,115,914	11.9%	1,007,002	11.7%	1,062,391	11.2%
Others[(4)]	367,039	2.3%	740,371	4.2%	607,906	3.5%	305,314	3.6%	302,825	3.2%
Formula	**5,429,189**	**34.4%**	**5,370,792**	**30.4%**	**4,464,300**	**25.2%**	**2,384,081**	**27.8%**	**2,020,061**	**21.4%**
Junlebao (君樂寶)*	4,763,007	30.2%	4,757,878	26.9%	3,917,356	22.1%	2,134,199	24.9%	1,714,273	18.1%
Banner (旗幟)	593,431	3.8%	506,739	2.9%	375,403	2.1%	197,819	2.3%	197,445	2.1%
Others[(5)]	72,751	0.4%	106,175	0.6%	171,541	1.0%	52,063	0.6%	108,343	1.1%
Other dairy products	**689,496**	**4.3%**	**791,279**	**4.5%**	**830,592**	**4.7%**	**384,672**	**4.5%**	**458,471**	**4.8%**
Subtotal – dairy products	**15,782,940**	**100.0%**	**17,665,131**	**100.0%**	**17,708,583**	**100.0%**	**8,588,154**	**100.0%**	**9,453,648**	**100.0%**

Notes:

* Junlebao (君樂寶) includes products sold under our master brand Junlebao and its sub-brands, primarily including (i) for low-temperature yogurt, Duoguoli (多果麗), Manchun (慢醇), Chewing Bar (嚼吧) and Zhangzhishila (漲芝士啦); (ii) for fresh milk, Hexiannai (喝鮮奶); (iii) for ambient yogurt, KEFIR (開啡爾); (iv) for ambient milk, Junlebao Baixiaochun (君樂寶白小純) and Junlebao Excellent Pasture (君樂寶優佳牧場); and (v) for formula, Zhizhen (至臻), Tianshi (恬適), Lebo (樂鉑), Youcui (優萃), Xiaoxiaoluban (小小魯班) and Youcui Baoai (優萃寶愛).

(1) Others under low-temperature yogurt primarily comprises products sold under the specialized brands Purjoy (純享), Yinqiao (銀橋) and LESSON (來思爾).

(2) Others under fresh milk primarily comprises products sold under the specialized brands Yinqiao (銀橋) and LESSON (來思爾).

(3) Others under ambient yogurt primarily comprises products sold under the specialized brands Yinqiao (銀橋) and LESSON (來思爾).

(4) Others under ambient milk primarily comprises products sold under the specialized brands Yinqiao (銀橋) and LESSON (來思爾).

(5) Others under formula primarily comprises formula products sold under the specialized brand Yinqiao (銀橋) and contract manufactured formula produced for third-party companies.

By Geographic Market

During the Track Record Period, we generated substantially all of our revenue from Chinese Mainland.

The following table sets forth a breakdown of our revenue by geographic market based on delivery location, in absolute amounts and as percentages of our total revenue, for the years/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)									
North China	5,263,224	30.0%	5,785,393	29.1%	5,902,525	29.0%	2,876,824	28.9%	3,023,062	28.5%
East China	4,423,066	25.2%	4,841,102	24.4%	4,735,568	23.3%	2,201,546	22.1%	2,541,967	24.0%
Central China	1,916,938	10.9%	2,127,251	10.7%	2,098,247	10.3%	1,000,682	10.1%	1,179,034	11.1%
Northwest China	1,238,342	7.1%	1,596,729	8.1%	1,488,716	7.3%	758,666	7.6%	734,305	6.9%
Southwest China	1,074,877	6.1%	1,447,611	7.3%	1,385,337	6.8%	710,358	7.1%	770,778	7.3%
South China	956,664	5.5%	1,200,736	6.1%	1,292,484	6.3%	615,340	6.2%	709,324	6.7%
Northeast China	801,424	4.6%	935,852	4.7%	871,935	4.3%	433,380	4.4%	466,602	4.4%
Online[(1)]	947,661	5.3%	1,121,991	5.7%	1,133,317	5.6%	528,805	5.3%	626,240	5.9%
Overseas[(2)]	1,768	0.0%	229	0.0%	1,633	0.0%	949	0.0%	12,375	0.1%
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) Represents revenue generated from online channels where the geographic location of the end customers cannot be distinctly identified.

(2) Represents revenue derived from overseas markets during the Track Record Period, namely Hong Kong, Macau, Laos and Singapore.

(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, all of which were derived from Chinese Mainland.

For the breakdown of our revenue by sales channel, see "Business — Sales and Distribution."

Operating Costs

By Nature

Our operating costs primarily consisted of (i) costs of direct raw materials, mainly including raw milk and ingredients; (ii) packaging materials, mainly aseptic packaging materials, formula cans, cartons, caps and labels; (iii) manufacturing expenses, mainly representing utilities and depreciation of property, plant and equipment used for production; (iv) transportation expenses, incurred for delivering our products to customers; (v) direct labor, mainly representing employee compensation, including share-based payment expenses for our production personnel; (vi) others under dairy products and dairy farming, mainly including cost of raw milk products, as well as OEM tolling fees and procurement cost of dairy products; and (vii) operating costs of other business.

The following table below sets forth a breakdown of our operating costs by nature, in absolute amounts and as a percentage of our total operating costs, for the years/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)									
Direct raw materials	5,864,729	50.7%	6,200,826	47.8%	6,227,601	44.8%	2,890,930	43.5%	3,362,630	47.1%
Packaging materials	1,796,754	15.6%	2,010,011	15.5%	2,044,325	14.7%	989,821	14.9%	1,106,752	15.5%
Manufacturing expenses	1,113,950	9.7%	1,398,388	10.8%	1,400,524	10.1%	683,830	10.3%	715,165	10.0%
Transportation expenses	803,948	7.0%	966,055	7.5%	1,032,842	7.4%	480,499	7.2%	569,063	8.0%
Direct labor	339,481	2.9%	413,938	3.2%	407,562	2.9%	205,904	3.1%	223,551	3.1%
Others under dairy products and dairy farming	714,912	6.2%	1,193,204	9.2%	1,234,723	8.9%	522,310	7.9%	590,669	8.3%
Other business[(1)]	908,808	7.9%	776,288	6.0%	1,559,580	11.2%	873,249	13.1%	570,059	8.0%
Total	**11,542,582**	**100.0%**	**12,958,710**	**100.0%**	**13,907,157**	**100.0%**	**6,646,543**	**100.0%**	**7,137,889**	**100.0%**

Note:

(1) Other business primarily consisted of operating costs for (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.

By Product Categories

The following table below sets forth a breakdown of our operating costs by product categories, in absolute amounts and as a percentage of our total operating costs, for the years/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	**6,765,466**	**58.6%**	**8,065,841**	**62.2%**	**8,735,015**	**62.8%**	**4,071,434**	**61.3%**	**4,821,806**	**67.6%**
Low-temperature liquid dairy products	4,230,459	36.6%	5,028,034	38.8%	5,695,185	40.9%	2,580,185	38.8%	3,234,711	45.3%
– Low-temperature yogurt	3,279,285	28.4%	3,617,474	27.9%	3,686,353	26.5%	1,748,747	26.3%	1,947,676	27.3%
– Fresh milk	951,174	8.2%	1,410,560	10.9%	2,008,832	14.4%	831,437	12.5%	1,287,035	18.0%
Ambient liquid dairy products	2,535,007	22.0%	3,037,807	23.4%	3,039,830	21.9%	1,491,249	22.4%	1,587,095	22.2%
– Ambient yogurt	753,535	6.5%	738,660	5.7%	718,099	5.2%	385,058	5.8%	468,908	6.6%
– Ambient milk	1,781,472	15.5%	2,299,147	17.7%	2,321,731	16.7%	1,106,191	16.6%	1,118,187	15.7%
Formula	**2,571,143**	**22.3%**	**2,329,902**	**18.0%**	**1,897,005**	**13.6%**	**937,934**	**14.1%**	**852,743**	**11.9%**
– Infant formula	2,075,748	18.0%	1,937,939	14.9%	1,518,525	10.9%	773,651	11.6%	639,276	9.0%
– Child formula	339,640	2.9%	219,244	1.7%	127,949	0.9%	66,439	1.0%	56,173	0.8%
– Adults formula	148,070	1.3%	99,059	0.8%	108,704	0.8%	55,829	0.8%	71,812	1.0%
– Other formula	7,685	0.1%	73,660	0.6%	141,827	1.0%	42,015	0.6%	85,482	1.2%
Other dairy products	**526,463**	**4.5%**	**591,397**	**4.6%**	**649,862**	**4.7%**	**289,508**	**4.4%**	**346,713**	**4.9%**
Subtotal – dairy products	**9,863,072**	**85.4%**	**10,987,140**	**84.8%**	**11,281,882**	**81.1%**	**5,298,875**	**79.7%**	**6,021,262**	**84.4%**
Dairy farming	**770,702**	**6.7%**	**1,195,282**	**9.2%**	**1,065,695**	**7.7%**	**474,418**	**7.1%**	**546,568**	**7.7%**
Other business[(1)]	**908,808**	**7.9%**	**776,288**	**6.0%**	**1,559,580**	**11.2%**	**873,249**	**13.1%**	**570,059**	**8.0%**
Total	**11,542,582**	**100.0%**	**12,958,710**	**100.0%**	**13,907,157**	**100.0%**	**6,646,543**	**100.0%**	**7,137,889**	**100.0%**

Note:

(1) Other business primarily consisted of operating costs for (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.

Gross Profit and Gross Profit Margin

By Product Categories

During the Track Record Period, our gross profit represents our revenue less our operating costs, and our gross profit margin represents our gross profit as a percentage of our revenue. The following table sets forth a breakdown of our gross profit and gross profit margin by product categories for the years/periods indicated.

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

Note:

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

The following table sets forth a breakdown of our gross profit and gross profit margin from dairy products by brand for the years/periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
							(unaudited)			
	(RMB in thousands, except for percentages)									
Low-temperature yogurt	**1,434,499**	**30.4%**	**1,688,973**	**31.8%**	**1,793,635**	**32.7%**	**875,171**	**33.4%**	**942,992**	**32.6%**
SimPurity (簡醇)	752,420	34.3%	895,991	37.2%	935,550	37.3%	424,707	36.3%	514,114	38.0%
Junlebao (君樂寶)	597,047	28.5%	655,589	30.4%	659,296	30.3%	351,408	32.9%	328,304	29.6%
Others	85,032	20.2%	137,393	18.6%	198,789	25.1%	99,057	25.8%	100,575	23.4%
Fresh milk	**622,412**	**39.6%**	**863,941**	**38.0%**	**1,159,542**	**36.6%**	**481,276**	**36.7%**	**752,500**	**36.9%**
Freshjoy (悅鮮活)	568,338	41.7%	784,913	41.7%	1,062,101	40.6%	431,514	40.7%	698,729	39.4%
Junlebao (君樂寶)[1]	48,431	27.3%	72,307	22.6%	84,428	17.3%	43,661	19.6%	49,201	20.7%
Others[2]	5,643	17.0%	6,721	9.1%	13,013	21.0%	6,100	20.5%	4,570	15.4%
Ambient yogurt	**331,426**	**30.5%**	**327,301**	**30.7%**	**323,410**	**31.1%**	**185,396**	**32.5%**	**210,789**	**31.0%**
SimPurity (簡醇)	216,270	32.5%	211,400	31.9%	206,890	32.6%	116,665	33.9%	149,395	35.6%
Junlebao (君樂寶)[3]	115,336	29.1%	111,781	30.3%	113,874	30.3%	67,864	32.0%	59,354	25.9%
Others[4]	(180)	(0.8%)	4,120	11.7%	2,646	8.4%	867	5.8%	2,040	6.7%
Ambient milk	**510,452**	**22.3%**	**557,004**	**19.5%**	**402,089**	**14.8%**	**206,125**	**15.7%**	**247,029**	**18.1%**
Junlebao (君樂寶)[5]	447,703	23.3%	421,947	19.9%	265,514	12.5%	135,458	13.5%	175,701	16.5%
Others	62,749	17.1%	135,057	18.2%	136,575	22.5%	70,667	23.1%	71,328	23.6%
Formula	**2,858,046**	**52.6%**	**3,040,890**	**56.6%**	**2,567,295**	**57.5%**	**1,446,147**	**60.7%**	**1,167,318**	**57.8%**
Junlebao (君樂寶)	2,500,502	52.5%	2,705,923	56.9%	2,332,768	59.5%	1,326,453	62.2%	1,037,436	60.5%
Banner (旗幟)	333,119	56.1%	317,474	62.7%	208,500	55.5%	110,923	56.1%	111,611	56.5%
Others[6]	24,425	33.6%	17,493	16.5%	26,027	15.2%	8,771	16.8%	18,271	16.9%
Other dairy products	**163,033**	**23.6%**	**199,882**	**25.3%**	**180,730**	**21.8%**	**95,164**	**24.7%**	**111,757**	**24.4%**
Subtotal – dairy products	**5,919,868**	**37.5%**	**6,677,991**	**37.8%**	**6,426,701**	**36.3%**	**3,289,279**	**38.3%**	**3,432,386**	**36.3%**

Notes:

* For details of the brand composition of Junlebao (君樂寶) and others under each product category, see the notes to the revenue by brand table above.

(1) The decrease in gross profit margin of Junlebao (君樂寶) under fresh milk in 2024, 2025 and for the six months ended June 30, 2026 was primarily due to the increasing revenue contribution from large-size formats launched since 2024, which carried a lower gross profit margin.

(2) The decrease in gross profit margin of others under fresh milk in 2024 was primarily due to the trial launch of a new product during the year with limited production volume and higher unit costs.

(3) The decrease in gross profit margin of Junlebao (君樂寶) under ambient yogurt for the six months ended June 30, 2026 was primarily due to our proactive pricing strategy on certain products under this brand to increase market penetration.

(4) The negative gross profit margin of others under ambient yogurt in 2023 was primarily attributable to the lower production volume of LESSON (來思爾) during the year, which resulted in higher unit manufacturing expenses.

(5) The decrease in gross profit margin of Junlebao (君樂寶) under ambient milk in 2024 and 2025 was primarily due to our proactive pricing strategy to increase market penetration in the ambient milk market.

(6) The decrease in gross profit margin of others under formula during the Track Record Period was primarily due to the increasing proportion of contract manufactured formula since 2024, which carried a lower gross profit margin.

By Sales Channel

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(RMB in thousands, except for percentages)									
Distributors	**4,996,798**	**38.3%**	**5,485,496**	**38.4%**	**5,060,421**	**36.8%**	**2,646,153**	**38.7%**	**2,631,124**	**37.5%**
– Offline distributors	4,404,424	37.9%	4,877,561	38.3%	4,579,125	36.9%	2,409,589	38.7%	2,366,431	37.8%
– Online distributors	592,374	41.5%	607,935	39.7%	481,296	36.1%	236,563	38.8%	264,694	34.6%
Direct sales	**993,392**	**27.8%**	**1,388,976**	**29.1%**	**1,501,764**	**29.0%**	**707,104**	**30.8%**	**864,732**	**28.4%**
– KA customers	290,133	32.6%	398,997	34.3%	475,425	33.3%	202,084	32.7%	289,833	31.7%
– E-commerce platforms	248,838	43.1%	325,987	44.4%	390,386	45.2%	194,517	48.3%	171,319	39.8%
– Online self-operated stores	253,032	48.0%	312,661	47.4%	309,714	46.2%	144,859	47.6%	189,193	45.7%
– Corporate and institutional clients and others	201,389	12.8%	351,331	15.8%	326,239	14.8%	165,645	17.0%	214,387	16.7%
Other business[(1)]	**13,403**	**1.5%**	**(692)**	**(0.1)%**	**(86,899)**	**(5.9)%**	**(48,590)**	**(5.9)%**	**(25,006)**	**(4.6)%**
Total	**6,003,593**	**34.2%**	**6,873,780**	**34.7%**	**6,475,286**	**31.8%**	**3,304,666**	**33.2%**	**3,470,851**	**32.7%**

Note:

(1) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees.

Taxes and Surcharges

During the Track Record Period, our taxes and surcharges primarily consisted of (i) urban maintenance and construction tax; (ii) real estate tax; (iii) education surcharge; (iv) stamp tax; (v) local education surcharge; (vi) land use tax; and (vii) other taxes.

The table below sets forth a breakdown of our taxes and surcharges, in absolute amounts and as a percentage of our total taxes and surcharges, for the years/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)									
Urban maintenance and construction tax	44,846	32.0%	47,940	31.6%	46,710	30.8%	24,629	31.4%	20,530	27.3%
Real estate tax	24,429	17.4%	27,573	18.1%	28,315	18.7%	14,132	18.0%	15,942	21.2%
Education surcharge	20,343	14.5%	21,494	14.1%	20,833	13.7%	10,974	14.0%	9,079	12.1%
Stamp tax	20,518	14.6%	20,761	13.7%	21,730	14.3%	10,155	13.0%	13,386	17.8%
Local education surcharge	13,605	9.7%	14,331	9.4%	13,889	9.2%	7,412	9.5%	6,114	8.1%
Land use tax	12,895	9.2%	14,028	9.2%	14,867	9.8%	7,316	9.3%	7,355	9.7%
Other taxes	3,466	2.6%	5,806	3.9%	5,428	3.5%	3,704	4.8%	2,933	3.8%
Total	**140,102**	**100.0%**	**151,933**	**100.0%**	**151,772**	**100.0%**	**78,322**	**100.0%**	**75,339**	**100.0%**

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) advertising expenses; (ii) employee remuneration, representing salaries, bonuses, social security contributions, share-based payment expenses and other benefits for our selling and marketing personnel; (iii) selling and promotion expenses, mainly representing expenses for in-store sales promoters and promotional activities conducted through online and offline channels; (iv) travel and business development expenses; (v) advisory service fee, representing fees paid to professional institutions for strategic consulting and market research; and (vi) others.

The table below sets forth a breakdown of our selling and distribution expenses, in absolute amounts and as a percentage of our total selling and distribution expenses, for the years/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)									
Advertising expenses	1,552,361	43.1%	1,108,143	32.8%	909,489	27.0%	498,016	30.4%	421,782	24.6%
Employee remuneration	873,952	24.3%	988,189	29.3%	1,071,943	31.8%	508,487	31.0%	537,646	31.4%
Selling and promotion expenses	753,822	20.9%	848,496	25.1%	952,251	28.3%	437,800	26.7%	537,028	31.3%
Travel and business development expenses	134,955	3.7%	159,618	4.7%	151,203	4.5%	71,209	4.3%	75,599	4.4%
Advisory service fee	137,165	3.8%	122,328	3.6%	121,355	3.6%	58,732	3.6%	67,348	3.9%
Others[(1)]	148,729	4.2%	150,337	4.5%	160,440	4.8%	63,726	4.0%	74,985	4.4%
Total	**3,600,984**	**100.0%**	**3,377,111**	**100.0%**	**3,366,682**	**100.0%**	**1,637,970**	**100.0%**	**1,714,388**	**100.0%**

Note:

(1) Others primarily consisted of (i) storage and handling fee; (ii) depreciation and amortization; (iii) conference fee; and (iv) others.

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses consisted of (i) employee remuneration, mainly including salaries, bonuses, social security contributions, share-based payment expenses and other benefits for our management and administrative personnel; (ii) depreciation and amortization, relating to property, plant and office equipment, right-of-use assets and intangible assets used for administrative purposes; (iii) general operating expenses, mainly representing expenses incurred for the daily operations of our headquarters and administrative functions, including energy expenses, office expenses, and inspection and maintenance costs; (iv) travel and business development expenses; (v) [**REDACTED**]; (vi) disability employment security fund; (vii) advisory service fee, representing fees paid to professional institutions for legal and other consulting services; and (viii) others.

The table below sets forth a breakdown of our general and administrative expenses, in absolute amounts and as a percentage of our total general and administrative expenses, for the years/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)									
Employee remuneration	510,152	59.8%	529,925	61.8%	549,672	61.3%	276,672	63.2%	274,178	63.8%
Depreciation and amortization	122,975	14.4%	129,576	15.2%	129,470	14.4%	65,632	15.0%	69,302	16.1%
General operating expenses	65,073	7.7%	44,798	5.2%	45,346	5.0%	20,351	4.7%	20,314	4.7%
Travel and business development expenses	35,766	4.2%	35,088	4.1%	35,482	4.0%	16,343	3.7%	16,937	3.9%
[**REDACTED**]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Disability employment security fund	14,620	1.7%	17,090	2.0%	10,028	1.1%	7,907	1.8%	1,340	0.3%
Advisory service fee	44,606	5.2%	16,086	1.9%	14,402	1.6%	8,331	1.9%	6,382	1.5%
Others[(1)]	58,985	6.9%	77,866	9.1%	86,976	9.7%	38,317	8.7%	27,845	6.6%
Total	**853,298**	**100.0%**	**856,309**	**100.0%**	**897,197**	**100.0%**	**438,055**	**100.0%**	**429,778**	**100.0%**

Note:
(1) Others primarily included environmental governance fees, labor service fees, information technology service fees and lease expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) employee remuneration, representing salaries, bonuses, social security contributions, share-based payment expenses and other benefits for personnel engaged in our R&D activities; (ii) technical R&D and testing expenses, representing expenses of consumables, materials and testing fees incurred during the R&D process; (iii) depreciation and amortization, relating to property, laboratories and equipment used for R&D purposes; (iv) advisory service fee, representing fees paid to external institutions for technical cooperation and consulting; and (v) others.

The table below sets forth a breakdown of our research and development expenses, in absolute amounts and as a percentage of our total research and development expenses, for the years/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)									
Employee remuneration	39,983	37.7%	44,653	45.2%	42,294	46.2%	22,553	51.1%	19,935	47.9%
Technical R&D and testing expenses	28,242	26.6%	23,970	24.3%	22,716	24.8%	9,063	20.5%	8,720	20.9%
Depreciation and amortization	14,464	13.6%	14,457	14.6%	13,026	14.2%	6,614	15.0%	6,115	14.7%
Advisory service fee	13,864	13.1%	8,258	8.4%	7,074	7.7%	2,906	6.6%	3,924	9.4%
Others[(1)]	9,450	9.0%	7,409	7.5%	6,470	7.1%	3,015	6.8%	2,944	7.1%
Total	**106,003**	**100.0%**	**98,747**	**100.0%**	**91,580**	**100.0%**	**44,151**	**100.0%**	**41,638**	**100.0%**

Note:
(1) Others primarily included office expenses, repair and maintenance costs, utility expenses and insurance expenses related to research and development.

Financial Expenses

During the Track Record Period, our financial expenses primarily consisted of (i) interest expenses, mainly arising from bank borrowings and lease liabilities, as well as interest expenses on financial liabilities related to shareholders' special rights arising from certain special rights granted to some Pre-[**REDACTED**] investors before the Track Record Period and subsequently terminated in 2023; (ii) bank charges; (iii) foreign exchange (losses)/gains, primarily arising from the translation of our US dollar-denominated bank borrowings at the prevailing exchange rates; and (iv) interest income, derived from bank deposits. The table below sets forth a breakdown of our financial expenses for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
	(RMB in thousands)				
Interest expenses	940,419	404,835	277,149	141,463	139,302
Bank charges	2,126	1,480	1,442	549	594
Foreign exchange losses/(gains)	15,486	7,537	(910)	(1,090)	1,649
Less:					
Interest income	(29,504)	(12,220)	(9,671)	(5,231)	(2,075)
Total	**928,527**	**401,632**	**268,010**	**135,691**	**139,470**

Investment Income

Our investment income primarily included: (i) gains (losses) arising from remeasuring the original equity interests/remained equity interests at fair value due to the acquisition/disposal of subsidiaries; (ii) (losses)/gains from long-term equity investments accounted for using the equity method; (iii) gains (losses) from disposal of long-term equity investments; (iv) interests income from entrusted loans; (v) interests income and disposal income from derivative financial instruments; (vi) dividends income from other equity instruments; and (vii) others.

The following table sets forth a breakdown of our investment income for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Gains/(losses) arising from remeasuring the original equity interests/remained equity interests at fair value due to the acquisition/disposal of subsidiaries	19,404	(1,229)	–	–	–
(Losses)/gains from long-term equity investments accounted for using the equity method	(8,042)	(3,613)	76,755	42,151	41,947
Gains/(losses) from disposal of long-term equity investments	7,039	(164)	578	588	–
Interests income from entrusted loans	5,895	–	–	–	–
Interests income and disposal income from derivative financial instruments	4,532	8,352	–	–	–
Dividends income from other equity instruments	2,152	994	2,325	308	–
Others[(1)]	34	8,135	303	321	1
Total	**31,014**	**12,475**	**79,961**	**43,368**	**41,947**

Note:
(1) Others primarily represents reversal on credit losses from our acquired subsidiaries.

Other Income

Our other income included (i) government grants directly recognized as other income; and (ii) government grants transferred from deferred income. Our government grants primarily comprised (i) asset-related government grants, principally for dairy processing capacity construction and dairy farm development; and (ii) income-related government grants, principally for industrial policy support, talent development and research projects. Such government grants were generally non-recurring in nature and were subject to the applicable policies and assessment criteria of the relevant government authorities. The following table sets forth a breakdown of our other income for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Government grants directly recognized as other income	70,855	55,011	69,027	20,809	18,762
Government grants transferred from deferred income	164,497	167,375	170,929	82,793	82,027
Total	**235,352**	**222,386**	**239,955**	**103,602**	**100,789**

Losses from Changes in Fair Values

Our losses from changes in fair values represented losses from changes in fair values of derivative financial instruments, primarily arising from interest rate swaps and foreign exchange forward contracts in connection with our foreign currency borrowings. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, we recorded losses from changes in fair values of RMB0.3 million, RMB15.1 million, nil, nil and nil, respectively.

Credit Impairment (Losses)/Reversal

We recorded expected credit impairment (losses)/reversal on (i) accounts receivable; (ii) other receivables; and (iii) long-term receivables. Our credit impairment losses amounted to RMB41.6 million and RMB19.0 million in 2023 and 2025, respectively. In 2024, we recorded a credit impairment reversal of RMB19.2 million, primarily due to the reversal of impairment losses on accounts receivable, reflecting the reduced credit risk associated with certain customers following the implementation of credit enhancement measures. Our credit impairment losses amounted to RMB2.3 million and RMB14.4 million for the six months ended June 30, 2025 and 2026, respectively.

Asset Impairment Losses

We recorded asset impairment losses mainly on (i) loss on inventories write-down, being the write-down of inventories recognized when their net realizable value was below cost; (ii) loss on productive biological assets impairment; (iii) loss on fixed assets impairment; (iv) loss on long-term equity investment impairment; (v) loss on goodwill impairment; and (vi) loss on intangible assets impairment. The following table sets forth a breakdown of our asset impairment losses for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Loss on inventories write-down	136,291	66,938	148,065	103,902	96,703
Loss on productive biological assets impairment	98,447	35,070	28,632	1,880	3,520
Loss on fixed assets impairment	14,336	27,468	4,140	–	7,992
Loss on long-term equity investment impairment	4,058	64,000	–	–	–
Loss on goodwill impairment[(1)]	–	229,666	–	–	–
Loss on intangible assets impairment	–	12,000	–	–	–
Total	**253,132**	**435,142**	**180,836**	**105,782**	**108,215**

Note:

(1) Loss on goodwill impairment was recognized in 2024 in respect of certain companies acquired in prior years, due to their underperformance against expectations. See Note (VI) 17 to the Accountants' Report in Appendix I to this Document.

Losses from Asset Disposals

Our losses from asset disposals are mainly related to (i) disposal of biological assets; (ii) disposal of fixed assets; and (iii) disposal of right-of-use assets. The following table sets forth a breakdown of our losses from asset disposals for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Losses on disposal of biological assets	(213,706)	(394,095)	(452,850)	(275,248)	(265,082)
Gains/(losses) on disposal of fixed assets	7,946	(4,682)	(1,726)	274	396
Gains on disposal of right-of-use assets	396	1,607	405	377	154
Total	**(205,364)**	**(397,170)**	**(454,171)**	**(274,597)**	**(264,532)**

Non-Operating Income

Our non-operating income primarily consisted of (i) scrap income; and (ii) others, mainly including gains on write-off of non-current assets and insurance claim proceeds. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, our non-operating income amounted to RMB41.5 million, RMB53.0 million, RMB37.4 million, RMB19.3 million and RMB31.0 million, respectively.

Non-Operating Expenses

Our non-operating expenses primarily consisted of (i) donation expenditure; and (ii) others, mainly including losses on write-off of non-current assets. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, our non-operating expenses amounted to RMB36.1 million, RMB22.0 million, RMB15.9 million, RMB7.8 million and RMB14.1 million, respectively.

Income Tax Expenses

Our income tax expenses included current tax expenses and deferred tax expenses. In 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, our income tax expenses was RMB140.5 million, RMB311.1 million, RMB190.8 million, RMB111.2 million and RMB135.4 million, respectively.

The following table sets forth a breakdown of our income tax expenses for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Current tax expenses	89,872	126,985	164,646	148,609	88,067
Deferred tax expenses	50,579	184,071	26,116	(37,421)	47,372
Total	**140,451**	**311,056**	**190,761**	**111,188**	**135,439**

Our effective tax rates were approximately 96%, 22% and 14% in 2023, 2024 and 2025, respectively. Our effective tax rate in 2023 was significantly higher than the statutory rate of 25%, primarily due to the recognition of non-deductible financial expenses of RMB554.4 million on financial liabilities related to shareholders' special rights, which had a disproportionately significant impact on the effective tax rate given our profit before income tax of RMB146.0 million in 2023. Our effective tax rate decreased to approximately 22% in 2024, primarily due to the significant increase in profit before income tax, which substantially diluted the impact of non-deductible items. Our effective tax rate further decreased to approximately 14% in 2025, primarily due to the increased profit contribution from our tax-exempt dairy farming subsidiaries pursuant to the EIT Law. The impact of such non-taxable operations grew from 2023 to 2025 alongside the improved profitability of our animal husbandry business. Excluding the impact of all non-taxable operations, the effective tax rates from 2023 to 2025 would have been approximately 27%, 25%, and 25%, respectively. Our effective tax rate remained relatively stable at approximately 15% and 16% for the six months ended June 30, 2025 and 2026, respectively.

PRC

Under the EIT Law and the Implementation Regulation of the EIT Law, the EIT rate of our Company and our PRC subsidiaries is 25% unless subject to tax exemption or preferential treatment. During the Track Record Period, the income derived from the breeding of livestock and poultry, as well as the primary processing of dairy products generated by certain of our subsidiaries, was exempted from enterprise income tax in accordance with the EIT Law and relevant regulations. Pursuant to a clarification issued by the competent tax authority in June 2026 on the scope of application of such preferential treatment, income derived from dairy products manufactured using membrane filtration and vacuum concentration processes ceased to be eligible for such exemption with effect from 2025. In addition, certain of our subsidiaries located in the western region of China met the requirements stipulated in the Preferential Tax Policies for Development of China's Western Regions and were subject to a reduced EIT rate of 15%. Furthermore, in accordance with the relevant tax circulars issued by the MOF and the State Taxation Administration, certain of our subsidiaries qualified as small and low-profit enterprises and were entitled to a preferential EIT rate of 20% on their taxable income during the Track Record Period.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue increased by 6.6% from RMB9,951.2 million for the six months ended June 30, 2025 to RMB10,608.7 million for the six months ended June 30, 2026, primarily driven by an increase in sales volumes across our liquid dairy products, mainly attributable to the continued rapid growth of our fresh milk products and the steady growth of our low-temperature yogurt and ambient liquid dairy products. The foregoing was partially offset by (i) a decrease in revenue from formula due to a decrease in sales volumes; and (ii) a decrease in revenue from other business, primarily due to the decrease in revenue from sales of residential units following the cessation of our property development activities.

Low-temperature liquid dairy products

Our revenue from low-temperature liquid dairy products increased by 25.2% from RMB3,936.6 million for the six months ended June 30, 2025 to RMB4,930.2 million for the six months ended June 30, 2026, primarily due to an increase in sales volumes from 442.7 thousand tons to 544.6 thousand tons. This increase in sales volumes was mainly attributable to (i) the continued robust performance of our fresh milk products, with sales volumes increasing significantly from 139.1 thousand tons to 216.1 thousand tons, driven by rising consumer preferences for fresh milk products, the market leadership of our Freshjoy (悦鲜活) brand, and the sales growth to freshly made coffee and tea chains; and (ii) the steady growth of our low-temperature yogurt, with sales volumes increasing from 303.6 thousand tons to 328.5 thousand tons, and average selling price increasing from RMB8.6 per kilogram to RMB8.8 per kilogram, driven by an increased proportion of our SimPurity (簡醇) products, including its newly launched products with higher average selling prices.

Ambient liquid dairy products

Our revenue from ambient liquid dairy products increased by 8.6% from RMB1,882.8 million for the six months ended June 30, 2025 to RMB2,044.9 million for the six months ended June 30, 2026, primarily due to an increase in sales volumes from 257.3 thousand tons to 282.5 thousand tons. This increase in sales volumes was mainly attributable to (i) the strong growth of our ambient yogurt, with sales volumes increasing from 52.3 thousand tons to 66.0 thousand tons, primarily driven by the robust growth of our SimPurity (簡醇) products, supported by our optimized sales and marketing strategies; and (ii) the steady growth of our ambient milk, with sales volumes increasing from 205.1 thousand tons to 216.6 thousand tons, primarily attributable to organic growth from certain ambient milk product lines. The foregoing was partially offset by a decrease in average selling price of ambient yogurt from RMB10.9 per kilogram to RMB10.3 per kilogram, primarily reflecting our proactive pricing strategy on certain ambient yogurt products to increase market penetration.

Formula

Our revenue from formula decreased by 15.3% from RMB2,384.1 million for the six months ended June 30, 2025 to RMB2,020.1 million for the six months ended June 30, 2026, primarily due to a decrease in sales volumes of our infant formula products from 18.6 thousand tons to 15.0 thousand tons, mainly attributable to the overall softening of market demand for infant formula products, partially offset by an increase in sales volumes of our other formula and adults formula products.

Other dairy products

Our revenue from other dairy products increased by 19.2% from RMB384.7 million for the six months ended June 30, 2025 to RMB458.5 million for the six months ended June 30, 2026, primarily due to (i) an increase in average selling price from RMB5.9 per kilogram to RMB6.8 per kilogram, mainly attributable to an increased proportion of butter and whipping cream products, which generally command higher average selling prices; and (ii) an increase in sales volumes from 65.2 thousand tons to 67.4 thousand tons.

Dairy farming

Our revenue from dairy farming increased by 13.3% from RMB538.4 million for the six months ended June 30, 2025 to RMB610.0 million for the six months ended June 30, 2026, primarily due to (i) an increase in revenue from feed from RMB313.1 million to RMB359.2 million, primarily attributable to the continued expansion of our feed processing business; and (ii) an increase in revenue from raw milk sales, alongside raw milk production volume increased in our self-operated farms.

Other business

Our revenue from other business decreased by 33.9% from RMB824.7 million for the six months ended June 30, 2025 to RMB545.1 million for the six months ended June 30, 2026, primarily due to the decrease in revenue from sales of residential units, as we ceased our property development activities and reclassified the remaining residential units as self-owned properties in March 2026, partially offset by an increase in revenue from sales of semi-processed dairy ingredients.

Operating 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. The increase was primarily due to (i) an increase of RMB471.7 million in direct raw materials and an increase of RMB116.9 million in packaging materials, generally in line with the increase in our sales volumes across our liquid dairy products; and (ii) an increase of RMB88.6 million in transportation expenses, driven by the rapid growth in sales of low-temperature liquid dairy products, especially fresh milk, which entails higher transportation and cold-chain logistics costs. The foregoing was partially offset by a decrease of RMB303.2 million in operating costs of other business, mainly attributable to the decrease in costs associated with sales of residential units, as we ceased our property development activities and reclassified the remaining residential units as self-owned properties in March 2026.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased from RMB3,304.7 million for the six months ended June 30, 2025 to RMB3,470.9 million for the six months ended June 30, 2026, while our gross profit margin remained relatively stable at 33.2% and 32.7% for the same periods. Our gross profit of dairy products increased from RMB3,289.3 million to RMB3,432.4 million, while our gross profit margin of dairy products decreased from 38.3% to 36.3% for the same periods.

Low-temperature liquid dairy products

Our gross profit margin of low-temperature liquid dairy products remained relatively stable at 34.5% and 34.4% for the six months ended June 30, 2025 and 2026, respectively.

Ambient liquid dairy products

Our gross profit margin of ambient liquid dairy products increased from 20.8% for the six months ended June 30, 2025 to 22.4% for the six months ended June 30, 2026, primarily due to the increased gross profit margin of our ambient milk, mainly attributable to the optimization of our promotional activities and a decreased proportion of low-margin ambient milk products in our sales mix.

Formula

Our gross profit margin of formula decreased from 60.7% for the six months ended June 30, 2025 to 57.8% for the six months ended June 30, 2026, primarily due to a shift in product mix, with a decreased proportion of our infant formula products, which generally command a higher gross profit margin.

Other dairy products

Our gross profit margin of other dairy products remained relatively stable at 24.7% and 24.4% for the six months ended June 30, 2025 and 2026, respectively.

Dairy farming

Our gross profit margin of dairy farming decreased from 11.9% for the six months ended June 30, 2025 to 10.4% for the six months ended June 30, 2026, primarily due to (i) a decrease in the gross profit margin from sales of raw milk, primarily reflecting the decline in raw milk market prices; and (ii) a decrease in the gross profit margin from sales of feed, mainly attributable to an increased proportion of certain lower-margin feed products.

Other business

Our gross loss margin of other business decreased from 5.9% for the six months ended June 30, 2025 to 4.6% for the six months ended June 30, 2026, primarily due to the recovery in the prevailing market prices of semi-processed dairy ingredients.

Taxes and Surcharges

Our taxes and surcharges remained relatively stable at RMB78.3 million and RMB75.3 million for the six months ended June 30, 2025 and 2026, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 4.7% from RMB1,638.0 million for the six months ended June 30, 2025 to RMB1,714.4 million for the six months ended June 30, 2026, primarily due to (i) an increase of RMB99.2 million in selling and promotion expenses, primarily driven by increased expenses for in-store sales promoters and promotional activities at retail outlets; and (ii) an increase of RMB29.2 million in employee remuneration, primarily attributable to the expansion of our sales team. The foregoing was partially offset by a decrease of RMB76.2 million in advertising expenses, primarily reflecting the improvement in advertising placement efficiency and a shift toward media channels with higher reach efficiency.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB438.1 million and RMB429.8 million for the six months ended June 30, 2025 and 2026, respectively.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB44.2 million and RMB41.6 million for the six months ended June 30, 2025 and 2026, respectively.

Financial Expenses

Our financial expenses remained relatively stable at RMB135.7 million and RMB139.5 million for the six months ended June 30, 2025 and 2026, respectively.

Investment Income

Our investment income remained relatively stable at RMB43.4 million and RMB41.9 million for the six months ended June 30, 2025 and 2026, respectively.

Other Income

Our other income remained relatively stable at RMB103.6 million and RMB100.8 million for the six months ended June 30, 2025 and 2026, respectively.

Credit Impairment Losses

We recorded credit impairment losses of RMB2.3 million and RMB14.4 million for the six months ended June 30, 2025 and 2026, respectively, with the increase primarily due to (i) the increased credit risk of certain customers and the corresponding impairment provisions; and (ii) an increase in impairment provisions on accounts receivable in line with the growth of our sales to corporate and institutional clients, which generally involve credit terms.

Asset Impairment Losses

Our asset impairment losses remained relatively stable at RMB105.8 million and RMB108.2 million for the six months ended June 30, 2025 and 2026, respectively.

Losses from Asset Disposals

Our losses from asset disposals remained relatively stable at RMB274.6 million and RMB264.5 million for the six months ended June 30, 2025 and 2026, respectively.

Non-Operating Income

Our non-operating income increased by 60.7% from RMB19.3 million for the six months ended June 30, 2025 to RMB31.0 million for the six months ended June 30, 2026, primarily due to (i) an increase of RMB9.0 million in other miscellaneous income; and (ii) an increase of RMB2.7 million in income from scrap sales.

Non-Operating Expenses

Our non-operating expenses increased by 81.0% from RMB7.8 million for the six months ended June 30, 2025 to RMB14.1 million for the six months ended June 30, 2026, primarily due to an increase in losses on write-off of non-current assets.

Income Tax Expenses

Our income tax expenses increased by 21.8% from RMB111.2 million for the six months ended June 30, 2025 to RMB135.4 million for the six months ended June 30, 2026, primarily due to (i) the increase in our profit before income tax; and (ii) certain of our subsidiaries ceasing to be eligible for preferential EIT policy.

Net Profit

As a result of the foregoing, our adjusted net profit (non-CASBE measure) increased by 12.7% from RMB661.0 million for the six months ended June 30, 2025 to RMB745.0 million for the six months ended June 30, 2026, with our adjusted net profit margin (*non-CASBE measure*) increasing from 6.6% to 7.0% for the same periods, and our net profit increased from RMB635.0 million to RMB707.3 million for the same periods.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue remained relatively stable at RMB19,832.5 million and RMB20,382.4 million in 2024 and 2025, respectively.

Low-temperature liquid dairy products

Our revenue from low-temperature liquid dairy products increased by 14.1% from RMB7,580.9 million in 2024 to RMB8,648.4 million in 2025, primarily due to an increase in sales volumes from 830.1 thousand tons in 2024 to 968.3 thousand tons in 2025. This increase in sales volumes was mainly attributable to (i) the robust performance of our fresh milk products, whose sales volumes increased significantly from 227.4 thousand tons to 337.7 thousand tons, driven by rising consumer preferences for fresh milk products, our expanded cold-chain distribution capabilities, and the sales growth to freshly made coffee and tea chains; and (ii) the steady growth of our low-temperature yogurt, whose sales volumes increased from 602.7 thousand tons to 630.6 thousand tons, reflecting our brand recognition and enhanced marketing efforts. The foregoing was partially offset by a decrease in average selling price of fresh milk from RMB10.0 per kilogram in 2024 to RMB9.4 per kilogram in 2025, primarily due to our introduction of large-size formats with lower average selling price and an increased proportion of ingredient products supplied to freshly made coffee and tea chains, which generally command lower average selling price.

Ambient liquid dairy products

Our revenue from ambient liquid dairy products decreased by 4.0% from RMB3,922.1 million in 2024 to RMB3,765.3 million in 2025, primarily due to a decrease in average selling price of ambient milk from RMB6.7 per kilogram in 2024 to RMB6.2 per kilogram in 2025, primarily reflecting our proactive pricing strategy to increase market penetration and a shift in product mix towards more affordable products. The foregoing was partially offset by an increase in sales volumes from 519.5 thousand tons in 2024 to 536.6 thousand tons in 2025, primarily attributable to organic growth from certain ambient milk product lines.

Formula

Our revenue from formula decreased by 16.9% from RMB5,370.8 million in 2024 to RMB4,464.3 million in 2025, primarily due to a decrease in sales volumes from 54.8 thousand tons in 2024 to 45.5 thousand tons in 2025. The decrease in sales volume was mainly due to (i) the overall softening of market demand for infant formula products, primarily attributable to the relatively low number of newborns in China. See "Industry Overview" for details; and (ii) the strategic adjustment of our sales channel, under which we discontinued cooperation with distributors that demonstrated underperformance in sales, insufficient capability to execute our marketing and promotion strategies, or inadequate retail terminal coverage and service capabilities, while shifting our sales focus toward core mother-and-baby chain store operators with broader retail terminal coverage and stronger service capabilities, as well as distributors mainly serving mother-and-baby chain stores in local markets. We discontinued cooperation with 555 and 281 distributors for infant formula business in 2024 and 2025, respectively, and such distributors in aggregate contributed revenue from formula of RMB280.7 million and RMB18.4 million in 2024 and 2025, respectively. While such adjustment resulted in a short-term decline in our revenue from formula, we proceeded with the adjustment to eliminate inefficient distributors that were not aligned with our business strategy and to redirect our marketing resources toward distributors with greater development potential. In 2024 and 2025, our revenue from formula generated through mother-and-baby chain store operators and distributors mainly serving mother-and-baby chain stores in local markets amounted to RMB454.6 million and RMB541.8 million, respectively. We conduct comprehensive evaluations of our formula distributors on a semi-annual basis and discontinue cooperation with those that fail to meet our requirements through our client account closure process.

Other dairy products

Our revenue from other dairy products remained relatively stable at RMB791.3 million and RMB830.6 million in 2024 and 2025, respectively.

Dairy farming

Our revenue from dairy farming decreased by 13.7% from RMB1,391.8 million in 2024 to RMB1,201.2 million in 2025, primarily due to a significant decrease in our revenue from raw milk sales, primarily attributable to a substantial decrease in sales volumes from 230.6 thousand tons to 127.4 thousand tons, due to an increased utilization of self-produced raw milk from our farms in the production of our own dairy product. The foregoing was partially offset by an increase in revenue from feed and beef cattle from RMB462.9 million in 2024 to RMB710.2 million in 2025, primarily attributable to the expansion of our feed processing business.

Other business

Our revenue from other business segments increased significantly by 89.9% from RMB775.6 million in 2024 to RMB1,472.7 million in 2025, mainly due to (i) the recognition of revenue from sales of residential units of RMB557.1 million upon delivery primarily to our employees in 2025; and (ii) an increase in revenue from sales of semi-processed dairy ingredients.

Operating Costs

Our operating costs increased by 7.3% from RMB12,958.7 million in 2024 to RMB13,907.2 million in 2025. The increase was primarily due to (i) an increase of RMB783.3 million in operating costs of other business, mainly attributable to the additional costs associated with the sales of residential units primarily to our employees and increased cost from sales of semi-processed dairy ingredients; (ii) an increase of RMB66.8 million in transportation expenses, driven by the rapid growth in sales of low-temperature liquid dairy products, especially fresh milk, which entails higher transportation and cold-chain logistics costs.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit decreased from RMB6,873.8 million in 2024 to RMB6,475.3 million in 2025, while our gross profit margin decreased from 34.7% to 31.8% for the same years. Our gross profit of dairy products decreased from RMB6,678.0 million to RMB6,426.7 million, while our gross profit margin of dairy products decreased from 37.8% to 36.3% for the same years.

Low-temperature liquid dairy products

Our gross profit margin of low-temperature liquid dairy products increased from 33.7% in 2024 to 34.1% in 2025, primarily due to (i) a higher sales proportion of fresh milk, which has a higher gross profit margin and (ii) the increased gross profit margin of our low-temperature yogurt.

Ambient liquid dairy products

Our gross profit margin of ambient liquid dairy products decreased from 22.5% in 2024 to 19.3% in 2025, primarily due to our proactive pricing strategy to increase market penetration and a shift in product mix towards more affordable products.

Formula

Our gross profit margin of formula increased from 56.6% in 2024 to 57.5% in 2025, primarily attributable to (i) a favorable shift in product mix with an increased proportion of premium formula products; and (ii) a decrease in raw material costs, primarily reflecting lower costs for raw milk sourced from our own farms.

Other dairy products

Our gross profit margin of other dairy products decreased from 25.3% in 2024 to 21.8% in 2025, mainly due to an increased proportion of revenue from sales of dairy ingredients for food and dining customers, which generally command lower margins compared to our dairy products for end consumers.

Dairy farming

Our gross profit margin of dairy farming decreased from 14.1% in 2024 to 11.3% in 2025, primarily due to an increased proportion of revenue from sales of feed, which generally command lower margins compared to raw milk.

Other business

Our gross loss margin of other business increased from 0.1% in 2024 to 5.9% in 2025, primarily due to an increased revenue from certain semi-processed dairy ingredients in order to consume our self-supply raw milk, which carried a gross loss margin as these semi-processed dairy ingredients are an integral by-product of our dairy production process and are generally sold at prevailing market prices that are lower than the related production costs.

Taxes and Surcharges

Our taxes and surcharges remained relatively stable at RMB151.9 million and RMB151.8 million in 2024 and 2025, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB3,377.1 million in 2024 and RMB3,366.7 million in 2025, respectively.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB856.3 million in 2024 and RMB897.2 million in 2025, respectively.

Research and Development Expenses

Our research and development expenses decreased by 7.3% from RMB98.7 million in 2024 to RMB91.6 million in 2025, respectively, with the decrease primarily due to the consolidation of our research and development team and the improved operational efficiency.

Financial Expenses

Our financial expenses decreased by 33.3% from RMB401.6 million in 2024 to RMB268.0 million in 2025, primarily due to a decrease of RMB127.7 million in interest expenses, mainly as a result of repayment of certain higher-interest borrowings and optimization of our debt structure amid a declining interest rate environment.

Investment Income

Our investment income significantly increased from RMB12.5 million in 2024 to RMB80.0 million in 2025, primarily due to a shift from RMB3.6 million in losses from long-term equity investments accounted for using the equity method to RMB76.8 million in gains from long-term equity investments accounted for using the equity method, as a result of our disposal of partial equity interests in two subsidiaries, which subsequently became our associates.

Other Income

Our other income increased by 7.9% from RMB222.4 million in 2024 to RMB240.0 million in 2025, primarily due to an increase of RMB14.0 million in government grants directly recognized as other income.

Loss from Changes in Fair Values

We recorded loss from changes in fair values of RMB15.1 million in 2024, primarily arising from changes in the fair value of derivative financial instruments. We did not record such loss in 2025.

Credit Impairment Losses/Reversal

We recorded net credit impairment loss of RMB19.0 million in 2025, as compared to credit impairment reversal of RMB19.2 million in 2024. This shift was primarily due to a shift from RMB19.0 million in credit impairment reversal on accounts receivable to RMB15.9 million in credit impairment losses on accounts receivable, mainly due to the significant increase in credit risk and subsequent impairment recognition arising from the financial difficulties of certain customers.

Asset Impairment Losses

Our asset impairment losses decreased by 58.4% from RMB435.1 million in 2024 to RMB180.8 million in 2025, primarily due to the recognition of (i) asset impairment losses on goodwill of RMB229.7 million recorded by certain historically acquired companies in 2024, which did not recur in 2025; and (ii) asset impairment losses on long-term equity investments of RMB64.0 million recorded in certain investee companies in 2024, which did not recur in 2025. The foregoing was partially offset by an increase of RMB81.1 million in losses on inventories write-down, primarily reflecting provisions made for inventories of certain projects expected to incur sales losses.

Losses from Asset Disposals

Our losses from asset disposals increased by 14.4% from RMB397.2 million in 2024 to RMB454.2 million in 2025, primarily due to an increase of RMB58.8 million in losses on disposal of biological assets, primarily reflecting the increased volume of culled dairy cows in line with the expansion of our herd scale and fluctuations in market prices.

Non-Operating Income

Our non-operating income decreased by 29.3% from RMB53.0 million in 2024 to RMB37.4 million in 2025, primarily due to (i) a decrease of RMB8.9 million in income from scrap sales; and (ii) a decrease of RMB6.6 million in other miscellaneous income.

Non-Operating Expenses

Our non-operating expenses decreased by 27.7% from RMB22.0 million in 2024 to RMB15.9 million in 2025, primarily due to decrease in losses on write-off of non-current assets.

Income Tax Expenses

Our income tax expenses decreased by 38.7% from RMB311.1 million in 2024 to RMB190.8 million in 2025, primarily due to (i) non-deductible goodwill impairment losses and impairment of long-term equity investments recorded in 2024, which did not recur in 2025; and (ii) increased revenue from our tax exemption agricultural products.

Net Profit

As a result of the foregoing, our adjusted net profit (non-CASBE measure) increased by 8.7% from RMB1,160.6 million in 2024 to RMB1,262.1 million in 2025, with our adjusted net profit margin (*non-CASBE measure*) increasing from 5.9% to 6.2% for the same years, and our net profit increased from RMB1,114.5 million in 2024 to RMB1,196.7 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 13.0% from RMB17,546.2 million in 2023 to RMB19,832.5 million in 2024, primarily driven by an increase in sales volumes across our liquid and other dairy products and dairy farming, mainly attributable to the organic growth from our low-temperature and ambient liquid dairy product lines, the consolidation of Yinqiao (銀橋) and LESSON (來思爾), the implementation of our disciplined channel management strategy and our expansion into emerging markets. The foregoing was partially offset by a slight decline in our revenue from formula due to a decrease in sales volumes.

Our revenue growth was achieved notwithstanding the contraction in the overall dairy product market in China in 2024, primarily reflecting (i) our relatively higher revenue contribution from low-temperature liquid dairy products, which continued to benefit from structural consumer preference shifts toward freshness and quality, representing the fastest-growing segment within the dairy industry; (ii) our rapid expansion into emerging markets in South, Central and East China with high consumption potential; (iii) the incremental revenue contribution from the consolidation of Yinqiao (銀橋) and LESSON (來思爾); and (iv) our expansion into new consumption channels such as freshly made coffee and tea chains.

Low-temperature liquid dairy products

Our revenue from low-temperature liquid dairy products increased by 20.6% from RMB6,287.4 million in 2023 to RMB7,580.9 million in 2024, primarily due to an increase in sales volumes from 680.8 thousand tons in 2023 to 830.1 thousand tons in 2024, mainly driven by (i) strong growth in fresh milk sales volume attributable to rising consumer preferences for fresher and higher-quality dairy products, our expansion into emerging markets in South, Central and East China and freshly made coffee and tea chains, which represented a new and fast-growing consumption channel for our fresh milk products; and (ii) steady growth in low-temperature yogurt sales volume reflecting our brand recognition and enhanced marketing efforts. Our revenue growth in this segment was further supported by the implementation of our disciplined channel management model, which enhanced channel execution and deepened market penetration across markets with high consumption potential. The foregoing was partially offset by a decrease in average selling price of fresh milk from RMB10.8 per kilogram in 2023 to RMB10.0 per kilogram in 2024, primarily because we launched large-size formats with lower average selling price and increased the proportion of ingredient products supplied to freshly made coffee and tea chains, which generally have lower average selling prices.

Ambient liquid dairy products

Our revenue from ambient liquid dairy products increased by 16.1% from RMB3,376.9 million in 2023 to RMB3,922.1 million in 2024, primarily due to a substantial increase in sales volumes from 400.6 thousand tons in 2023 to 519.5 thousand tons in 2024, mainly driven by (i) our proactive strategy to increase market penetration of our ambient milk products from a low-base; (ii) our expansion into emerging markets and online channels; and (iii) the consolidation of Yinqiao (銀橋) and LESSON (來思爾), such consolidation provided meaningful incremental revenue contribution to this segment. The foregoing was partially offset by a decrease in average selling price of ambient milk from RMB7.4 per kilogram in 2023 to RMB6.7 per kilogram in 2024 and a decrease in average selling price of ambient yogurt from RMB11.9 per kilogram in 2023 to RMB11.3 per kilogram in 2024, primarily reflecting the product mix shift towards more affordable products in our proactive pricing strategy to increase market penetration and driven by the consolidation of Yinqiao (銀橋) and LESSON (來思爾), which generally command lower average selling prices compared to our pre-existing product portfolio.

Formula

Our revenue from formula remained relatively stable at RMB5,429.2 million and RMB5,370.8 million in 2023 and 2024, respectively.

Other dairy products

Revenue from our other dairy product increased by 14.8% from RMB689.5 million in 2023 to RMB791.3 million in 2024, primarily due to the incremental revenue contribution arising from the acquisition of Yinqiao (銀橋).

Dairy farming

Our revenue from dairy farming increased significantly by 65.5% from RMB841.0 million in 2023 to RMB1,391.8 million in 2024, primarily due to (i) an increase in our revenue from raw milk sales, primarily attributable to a substantial increase in sales volumes from 154.9 thousand tons in 2023 to 230.6 thousand tons in 2024, driven by increased raw milk production from our own farms, which was partially offset by a decrease in average selling price reflecting market price fluctuations for raw milk during the period; and (ii) an increase in our revenue from feed, primarily attributable to the expansion of our feed processing business.

Other business

Our revenue from other business decreased by 15.9% from RMB922.2 million in 2023 to RMB775.6 million in 2024, primarily due to (i) a decrease in contract manufacturing services revenue as we prioritized production capacity for our own products; and (ii) a decrease in revenue from sales of eggs and non-staple food products in line with the reduced scale of our student milk program.

Operating Costs

Our operating costs increased by 12.3% from RMB11,542.6 million in 2023 to RMB12,958.7 million in 2024, which was primarily due to (i) an increase of RMB478.3 million in other costs under dairy products and dairy farming; (ii) an increase of RMB336.1 million in direct raw material costs; (iii) an increase of RMB284.4 million in manufacturing expenses; (iv) an increase of RMB213.3 million in packaging materials; and (v) an increase of RMB162.1 million in transportation expenses which were all generally in line with the increase in our sales volume.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 14.5% from RMB6,003.6 million in 2023 to RMB6,873.8 million in 2024, while our gross profit margin increased from 34.2% to 34.7% for the same years. Gross profit of our dairy products increased from RMB5,919.9 million to RMB6,678.0 million, while the gross profit margin of our dairy products increased from 37.5% to 37.8% for the same period.

Low-temperature liquid dairy products

Our gross profit margin of low-temperature liquid dairy products increased from 32.7% in 2023 to 33.7% in 2024, primarily attributable to (i) the increased proportion of high-margin fresh milk in our product mix; and (ii) the increased gross profit margin of our low-temperature yogurt.

Ambient liquid dairy products

Our gross profit margin of ambient liquid dairy products decreased from 24.9% in 2023 to 22.5% in 2024, primarily because ambient liquid dairy products of Yinqiao (銀橋) and LESSON (來思爾) command lower gross profit margins than our pre-existing ambient liquid dairy product portfolio.

Formula

Our gross profit margin of formula increased from 52.6% in 2023 to 56.6% in 2024, primarily attributable to (i) a decrease in feeding costs for self-supply raw milk sourced from our own farms; and (ii) the optimization of product mix with an increased proportion of high-margin formula products.

Other dairy products

Our gross profit margin of other dairy products increased from 23.6% in 2023 to 25.3% in 2024, primarily due to the introduction of dairy beverage products following our acquisition of Yinqiao (銀橋), which typically carry a higher gross profit margin.

Dairy farming

Our gross profit margin of dairy farming increased from 8.4% in 2023 to 14.1% in 2024, primarily attributable to a rise in gross profit margin from sales of raw milk as a result of lower feeding costs for raw milk produced from our self-operated dairy farms, as well as the relatively lower gross profit margin of our beef cattle business in 2023, which ceased in 2024.

Other business

Our gross profit margin of other business was 1.5% in 2023, and shifted to a gross loss margin of 0.1% in 2024, primarily due to an increased proportion of certain semi-processed dairy ingredients in order to consume our self-supply raw milk, which carried a gross loss margin.

Taxes and Surcharges

Our taxes and surcharges increased by 8.4% from RMB140.1 million in 2023 to RMB151.9 million in 2024, primarily due to our business expansion and increased revenue.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 6.2% from RMB3,601.0 million in 2023 to RMB3,377.1 million in 2024, primarily due to a decrease of RMB444.2 million in advertising expenses, primarily reflecting the improvement in advertising placement efficiency and a shift toward media channels with higher reach efficiency. The foregoing was partially offset by (i) an increase of RMB114.2 million in employee remuneration, primarily attributable to the expansion of the sales team resulting from the implementation of the disciplined channel management strategy and the expansion into emerging markets; (ii) an increase of RMB94.7 million in selling and promotion expenses, primarily driven by increased expenses for in-store sales promoters and multiple promotional activities at retail outlets.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB853.3 million and RMB856.3 million in 2023 and 2024, respectively.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB106.0 million in 2023 and RMB98.7 million in 2024, respectively, with the slight decrease primarily reflecting the completion of certain product development projects.

Financial Expenses

Our financial expenses decreased significantly by 56.7% from RMB928.5 million in 2023 to RMB401.6 million in 2024, primarily due to a decrease of RMB535.6 million in interest expenses, primarily due to the interest expenses on financial liabilities related to shareholders' special rights of RMB554.4 million incurred in 2023, arising from certain special rights granted to some Pre-[**REDACTED**] investors before the Track Record Period. Such special rights were terminated in 2023, resulting in the derecognition of the relevant liabilities and no interest expenses were subsequently incurred. See Note (VI) 37 to the Accountants' Report in Appendix I to this Document.

Investment Income

Our investment income decreased by 59.8% from RMB31.0 million in 2023 to RMB12.5 million in 2024, primarily due to a one-off gain of RMB19.4 million recognized in 2023 arising from the remeasurement of our previously held equity interests in a subsidiary upon the acquisition of its additional equity interests.

Other Income

Our other income remained relatively stable at RMB235.4 million in 2023 to RMB222.4 million in 2024, respectively.

Losses from Changes in Fair Values

Our losses from changes in fair values increased from RMB0.3 million to RMB15.1 million, primarily due to changes in the fair values of interest rate swaps and foreign exchange forward contracts.

Credit Impairment Reversal/(Losses)

We recorded net credit impairment reversal of RMB19.2 million in 2024, as compared to credit impairment losses of RMB41.6 million in 2023. This shift was primarily due to the reversal of impairment losses on accounts receivable, primarily reflecting the reduced credit risk associated with certain customers following the implementation of credit enhancement measures.

Asset Impairment Losses

Our asset impairment losses increased by 71.9% from RMB253.1 million in 2023 to RMB435.1 million in 2024, primarily due to (i) an increase of RMB229.7 million in losses on goodwill impairment, primarily due to the performance fluctuations of certain acquired subsidiaries; and (ii) an increase of RMB59.9 million in losses on long-term equity investment impairment, primarily reflecting the provision made for certain associates due to their operational performance. The foregoing was partially offset by (i) a decrease of RMB63.4 million in losses on productive biological assets impairment, primarily reflecting the reduced impairment provision for our dairy herds as the operating performance of certain farms improved; and (ii) a decrease of RMB69.4 million in losses on inventories write-down, primarily due to a decrease in provision for whole milk powder resulting from the decreased inventory level.

Losses from Asset Disposals

Our losses from asset disposals increased by 93.4% from RMB205.4 million in 2023 to RMB397.2 million in 2024, primarily due to an increase of RMB180.4 million in losses on disposal of biological assets, primarily reflecting the increased volume of culled dairy cows in line with the expansion of our herd scale and fluctuations in market prices.

Non-Operating Income

Our non-operating income increased from RMB41.5 million in 2023 to RMB53.0 million in 2024, partially due to an increase in revenue from our scrap sales.

Non-Operating Expenses

Our non-operating expenses decreased from RMB36.1 million in 2023 to RMB22.0 million in 2024, primarily due to several larger donation expenses incurred in 2023.

Income Tax Expenses

Our income tax expenses increased significantly from RMB140.5 million in 2023 to RMB311.1 million in 2024. This increase was primarily due to (i) an increase of RMB133.5 million in deferred tax expenses, primarily reflecting the movements in temporary differences associated with our assets and liabilities; and (ii) an increase of RMB37.1 million in current tax expenses, primarily reflecting the increase in our taxable income following our business growth.

Net Profit

As a result of the foregoing, our adjusted net profit (non-CASBE measure) was RMB603.0 million in 2023, primarily reflecting (i) a relatively lower revenue base prior to the revenue contribution from our geographic expansion and the consolidation of Yinqiao (銀橋) and LESSON

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

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED BALANCE SHEET

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current assets				
Cash at bank and on hand	1,488,990	1,584,606	1,306,116	1,311,487
Derivative financial assets	24,827	–	–	–
Bills receivable	2,582	2,400	1,774	2,400
Accounts receivable	978,794	868,967	992,638	981,142
Accounts receivable financing	419	–	461	11,672
Prepayments	186,330	193,087	174,122	226,603
Other receivables	125,219	189,791	234,752	245,242
Inventories	3,325,366	3,270,289	2,696,271	1,584,359
Non-current assets due within one year	3,378	44,287	22,196	14,676
Other current assets	221,950	251,226	308,684	306,972
Total current assets	**6,357,855**	**6,404,653**	**5,737,014**	**4,684,553**
Non-current assets				
Long-term receivables	108,101	80,846	102,590	94,016
Long-term equity investments	339,654	647,026	700,670	741,007
Investments in other equity instruments	87,250	94,650	94,650	85,460
Fixed assets	8,127,525	7,993,463	7,751,241	8,485,393
Construction in progress	530,339	363,436	447,246	235,380
Productive biological assets	4,758,410	4,796,338	5,007,828	5,051,852
Right-of-use assets	558,822	500,557	487,251	469,467
Intangible assets	1,313,992	1,301,983	1,344,756	1,322,828
Goodwill	730,060	500,393	500,393	500,393
Long-term deferred expenses	42,726	48,415	34,957	39,280
Deferred tax assets	788,231	595,180	563,418	543,468
Other non-current assets	154,769	122,666	165,199	253,029
Total non-current assets	**17,539,879**	**17,044,953**	**17,200,199**	**17,821,573**
Current liabilities				
Short-term borrowings	1,939,949	2,241,125	1,788,691	2,207,291
Bills payable	277,266	359,125	215,239	2,390
Accounts payable	2,561,563	2,644,091	3,093,065	2,240,377

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Contract liabilities	1,963,202	1,928,398	1,175,951	1,048,967
Employee benefits payable	254,042	272,574	250,399	199,375
Taxes payable	76,628	101,747	210,099	91,107
Other payables	2,167,673	1,543,445	1,504,816	1,474,618
Non-current liabilities due within one year	1,430,564	2,397,695	1,319,553	917,379
Other current liabilities	248,432	192,673	170,997	161,656
Total current liabilities	**10,919,319**	**11,680,873**	**9,728,810**	**8,343,160**
Net current liabilities	**4,561,464**	**5,276,220**	**3,991,796**	**3,658,607**
Non-current liabilities				
Long-term borrowings	6,525,487	5,116,351	7,184,788	7,437,783
Lease liabilities	387,572	336,821	332,935	319,545
Long-term payables	167,951	109,949	76,883	78,335
Provisions	19,652	22,145	22,961	23,516
Deferred income	1,064,730	1,020,868	941,768	869,966
Deferred tax liabilities	145,748	138,618	132,972	160,393
Total non-current liabilities	**8,311,140**	**6,744,752**	**8,692,308**	**8,889,538**
Total liabilities	**19,230,459**	**18,425,625**	**18,421,118**	**17,232,698**
Net assets	**4,667,275**	**5,023,981**	**4,516,095**	**5,273,428**

Accounts Receivable

Our accounts receivable primarily consisted of amounts due from our customers in the ordinary course of business. The following table sets forth a breakdown of our accounts receivable as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Accounts receivable	1,034,788	904,607	1,040,924	1,037,628
Less:				
Credit loss allowance	(55,994)	(35,640)	(48,286)	(56,485)
Total	**978,794**	**868,967**	**992,638**	**981,142**

Our accounts receivable decreased by 11.2% from RMB978.8 million as of December 31, 2023 to RMB869.0 million as of December 31, 2024, primarily due to a decrease in receivables from certain customers, primarily attributable to our enhanced collection efforts. Our accounts receivable increased by 14.2% from RMB869.0 million as of December 31, 2024 to RMB992.6 million as of December 31, 2025, primarily due to the growth of our sales to corporate and institutional clients, which generally involve credit terms. Our accounts receivable remained relatively stable at RMB992.6 million and RMB981.1 million as of December 31, 2025 and June 30, 2026, respectively.

The following table sets forth an aging analysis of our accounts receivable based on the timing of revenue recognition, net of credit loss allowance as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year (inclusive)	978,794	842,213	967,783	960,639
1-2 years (inclusive)	–	15,518	–	–
2-3 years (inclusive)	–	11,236	15,745	6,348
Over 3 years	–	–	9,110	14,155
Total	**978,794**	**868,967**	**992,638**	**981,142**

The following table sets forth our average accounts receivable turnover days for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
	(days)			
Average accounts receivable turnover days[(1)]	18	18	17	18

Note:

(1) Average accounts receivable turnover days equal the average of the opening and closing balances of the gross carrying amount of accounts receivable of the year/period indicated divided by the revenue of the same year/period and multiplied by 360 days for a full-year period or 180 days for a six-month period.

Our average accounts receivable turnover days remained relatively stable at 18 days, 18 days, 17 days and 18 days in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively.

As of July 31, 2026, RMB464.5 million, or 44.8%, of our accounts receivable outstanding as of June 30, 2026 had been subsequently settled.

Inventories

Our inventories primarily consisted of (i) raw materials; (ii) finished goods; (iii) turnover materials; (iv) packaging materials; and (v) properties under development and for sale. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Raw materials	1,756,284	1,547,431	1,496,757	1,150,048
Properties under development	927,262	1,066,609	–	–
Properties for sale	–	–	668,505	–
Finished goods	287,700	335,726	247,535	159,229
Turnover materials	132,731	120,259	127,601	123,365
Packaging materials	100,909	117,990	105,997	107,562
Consumable biological assets	49,996	–	–	–
Others[(1)]	70,484	82,274	49,876	44,155
Total	**3,325,366**	**3,270,289**	**2,696,271**	**1,584,359**

Note:

(1) Others primarily included shipped-goods, low-value consumables, materials on consignment for further processing and costs to fulfill contracts.

Our inventories remained relatively stable at RMB3,325.4 million and RMB3,270.3 million as of December 31, 2023 and 2024, respectively. Our inventories decreased by 17.6% from RMB3,270.3 million as of December 31, 2024 to RMB2,696.3 million as of December 31, 2025, primarily due to (i) a decrease of RMB398.1 million in properties under development and for sale, primarily attributable to the sales of residential units primarily to our employees; and (ii) a decrease of RMB88.2 million in finished goods, due to the different stockpiling schedules at year-end. Our inventories further decreased by 41.2% from RMB2,696.3 million as of December 31, 2025 to RMB1,584.4 million as of June 30, 2026, primarily due to (i) a decrease of RMB668.5 million in properties for sale, primarily attributable to the reclassification of the remaining residential units as fixed assets upon the change in their use to self-owned properties in March 2026, with a few residential units sold during January and February 2026; (ii) a decrease of RMB346.7 million in raw materials, primarily reflecting the seasonal pattern of our forage procurement, which is concentrated in September and October each year; and (iii) a decrease of RMB88.3 million in finished goods, primarily due to the higher stockpiling level at the end of 2025 for holiday sales.

The following table sets forth an aging analysis of our inventories relating to dairy products and dairy farming as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year (inclusive)	2,398,300	2,087,381	1,990,877	1,553,516
1-2 years (inclusive)	79,499	123,572	66,816	53,346
2-3 years (inclusive)	49,312	16,741	17,928	20,298
Over 3 years	15,762	49,556	41,300	37,961
Less:				
Write-down provision	(144,769)	(73,570)	(89,155)	(80,761)
Total	**2,398,104**	**2,203,680**	**2,027,766**	**1,584,359**

The following table sets forth our average inventories turnover days and average inventories turnover days relating to dairy products and dairy farming for the years/periods indicated:

	For the Year ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
	(days)			
Average inventories turnover days[(1)]	104	92	77	54
Average inventories turnover days relating to dairy products and dairy farming[(2)]	79	64	57	46

Notes:

(1) Average inventories turnover days equal the average of the opening and closing inventory balances for the year/period indicated divided by the operating costs for the same year/period and multiplied by 360 days for a full-year period or 180 days for a six-month period.

(2) Average inventories turnover days relating to dairy products and dairy farming equal the average of the opening and closing inventory balances relating to dairy products and dairy farming for the year/period indicated divided by the operating costs relating to dairy products and dairy farming for the same year/period and multiplied by 360 days for a full-year period or 180 days for a six-month period.

Our average inventories turnover days decreased from 104 days in 2023 to 92 days in 2024, primarily due to increased proportion of sales of liquid dairy products with shorter shelf life. Our average inventories turnover days decreased from 92 days in 2024 to 77 days in 2025, primarily due to (i) increased proportion of sales of liquid dairy products with shorter shelf life; and (ii) a decrease in balance of properties under development and for sale resulting from sales of residential units primarily to our employees. Our average inventories turnover days decreased from 77 days in 2025 to 54 days for the six months ended June 30, 2026, primarily due to the decrease in properties for sale following the cessation of our property development activities and the seasonal decrease in raw materials.

The shelf life of our raw materials varies by category: (i) raw milk generally has a shelf life of 24 to 48 hours; (ii) fruit jam generally has a shelf life of 90 days; and (iii) packaging materials generally have a shelf life of 180 to 720 days. For the shelf life of our finished products by categories, see "Business — Our Brand and Product Portfolio."

As of July 31, 2026, RMB852.3 million, or 51.2%, of our inventories relating to dairy products and dairy farming as of June 30, 2026 had been sold or utilized.

We have conducted inventory impairment testing at each reporting date in accordance with the Accounting Standard for Business Enterprises No. 1 — Inventories, and have made adequate inventory write-down provisions, with no impairment issues identified during the Track Record Period. Our inventories that remained unsold or unutilized as of July 31, 2026 primarily comprised forage for our biological assets, as well as whole milk powder and skimmed milk powder, and such remaining balances arose in the ordinary course of our business. As we procure forage primarily during September and October each year to meet our breeding requirements for the full year, the remaining balance of forage as of July 31, 2026 was in line with our normal operations, and such forage remained in good condition and suitable for our breeding use. Our whole milk powder and skimmed milk powder are processed from surplus raw milk through spray-drying, serving as a means of storing raw milk to utilize temporary surplus.

Other Current Assets

Our other current assets primarily consisted of (i) input VAT to be certified; (ii) prepaid expenses; (iii) input VAT to be deducted; and (iv) prepaid enterprise income tax. The following table sets forth a breakdown of our other current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Input VAT to be certified	59,384	136,139	139,651	137,796
Prepaid expenses	64,596	47,607	53,918	74,812
Input VAT to be deducted	46,327	18,897	34,776	35,749
Prepaid enterprise income tax	31,072	18,583	46,921	15,340
Prepaid VAT	8,781	14,708	7,648	995
Prepaid other taxes	7,272	11,363	12,774	25,332
Right to returned goods assets	4,122	1,459	1,584	1,689
Others	396	2,470	11,411	15,259
Total	**221,950**	**251,226**	**308,684**	**306,972**

Our other current assets increased by 13.2% from RMB222.0 million as of December 31, 2023 to RMB251.2 million as of December 31, 2024, primarily due to an increase of RMB76.8 million in input VAT to be certified, primarily attributable to the timing difference in tax certification by relevant tax authorities. The foregoing was partially offset by (i) a decrease of RMB27.4 million in input VAT to be deducted, primarily reflecting the utilization of deductible input VAT; and (ii) a decrease of RMB17.0 million in prepaid expenses.

Our other current assets increased by 22.9% from RMB251.2 million as of December 31, 2024 to RMB308.7 million as of December 31, 2025, primarily due to (i) an increase of RMB28.3 million in prepaid enterprise income tax, primarily due to the timing of tax prepayments; and (ii) an increase of RMB15.9 million in input VAT to be deducted.

Our other current assets remained relatively stable at RMB308.7 million and RMB307.0 million as of December 31, 2025 and June 30, 2026, respectively.

As of July 31, 2026, RMB48.3 million, or 15.7%, of our other current assets outstanding as of June 30, 2026 had been subsequently settled.

Fixed Assets

Our fixed assets primarily consisted of (i) plants and buildings; (ii) machinery and equipment; (iii) office equipment; and (iv) motor vehicles. The following table sets forth a breakdown of our fixed assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Plants and buildings	4,858,110	4,743,075	4,608,324	5,254,175
Machinery and equipment	3,160,538	3,173,049	3,083,400	3,178,252
Office equipment	69,145	49,467	39,804	36,654
Motor vehicles	39,732	27,872	19,713	16,312
Total	**8,127,525**	**7,993,463**	**7,751,241**	**8,485,393**

Our fixed assets remained relatively stable at RMB8,127.5 million, RMB7,993.5 million and RMB7,751.2 million as of December 31, 2023, 2024 and 2025, respectively. Our fixed assets increased by 9.5% to RMB8,485.4 million as of June 30, 2026, primarily due to (i) the reclassification of the remaining residential units as fixed assets upon the change in their use to self-owned properties in March 2026; and (ii) the transfer of certain completed production facility projects from construction in progress.

Productive Biological Assets

Our productive biological assets primarily consisted of (i) immature productive biological assets, which primarily included calves and heifers; and (ii) mature productive biological assets, which primarily included milkable cows. The following table sets forth a breakdown of our productive biological assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Immature productive biological assets	2,815,853	2,034,999	2,295,053	2,343,132
Mature productive biological assets	1,942,557	2,761,339	2,712,775	2,708,720
Total	**4,758,410**	**4,796,338**	**5,007,828**	**5,051,852**

Our productive biological assets remained relatively stable at RMB4,758.4 million, RMB4,796.3 million, RMB5,007.8 million and RMB5,051.9 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Intangible Assets

Our intangible assets primarily consisted of (i) land use rights; (ii) trademarks; (iii) patent and non-patented technology; (iv) computer software; and (v) others. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Land use right	548,489	534,044	577,903	570,111
Trademarks	510,794	498,419	498,301	498,140
Patent and non-patented technology	202,773	180,858	158,804	152,101
Computer software	51,895	88,662	109,748	102,476
Others	41	–	–	–
Total	**1,313,992**	**1,301,983**	**1,344,756**	**1,322,828**

Our intangible assets remained relatively stable at RMB1,314.0 million, RMB1,302.0 million, RMB1,344.8 million and RMB1,322.8 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Goodwill

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the carrying amount of our goodwill was RMB730.1 million, RMB500.4 million, RMB500.4 million and RMB500.4 million, respectively. The decrease in 2024 was primarily due to goodwill impairment recognized based on impairment testing results, comprising (i) impairment of RMB55.0 million and RMB50.1 million for Banner Dairy and Banner Animal Husbandry, respectively, tested as of June 30, 2024 due to their underperformance against expectations; and (ii) impairment of RMB23.1 million and RMB101.4 million for Sikeqi and its subsidiaries and LESSON Dairy and its subsidiaries, respectively, recognized in the annual impairment tests as of December 31, 2024 due to their underperformance against expectations.

In determining the asset groups, we take into account factors such as the manner in which management manages or monitors production and operation activities and the approach to decision-making on the continuous use or disposal of assets, with reference to the smallest group of assets that can independently generate cash inflows.

Asset group	Segment to which the asset group belongs
Baoding Junlebao	Liquid milk and other dairy products business
Leshi Dairy	Liquid milk and other dairy products business
Banner Dairy	Formula business
Banner Animal Husbandry	Dairy farming business
Hebei Derong Plastic Packaging Products Co., Ltd. (河北德容塑料包装製品股份有限公司) ("**Derong Packaging**") and its subsidiaries	Other businesses
Sikeqi and its subsidiaries	Liquid milk and other dairy products business
LESSON Dairy and its subsidiaries	Liquid milk and other dairy products business
Xi'an Yinqiao and its subsidiaries	Liquid milk and other dairy products business

The recoverable amount of each asset group is determined based on the present value of its estimated future cash flows, with a forecast period of five years. The pre-tax discount rate reflects the specific risks of the relevant asset group. The revenue growth rates and gross margin ratios of the forecast period are determined with reference to factors including the business operations, performance, key financial indicators and market environment of the relevant asset group. The revenue growth rate of the stable period is determined with reference to the long-term average growth rates of the products, markets and industries in which the relevant asset group operates, and was 2.0% for the impairment tests conducted in 2023 and 2024 and 1.0% for the impairment tests conducted as of December 31, 2025. The gross margin ratio of the stable period is determined with reference to the forward-looking business operations, performance, key financial indicators and market environment of the relevant asset group. The key parameters used in the impairment tests are set out below:

As of December 31, 2023

Asset group	Pre-tax discount rate	Revenue growth rate (forecast period)	Gross margin ratio (forecast period)	Gross margin ratio (stable period)
Leshi Dairy	12.30%	3.0%-6.0%	5.2%-5.8%	6.1%
Banner Dairy	14.00%	(20.5)%-2.4%	42.3%-44.7%	43.9%
Banner Animal Husbandry	11.78%	5.7%-32.3%	19.7%-22.8%	24.0%

Asset group	Pre-tax discount rate	Revenue growth rate (forecast period)	Gross margin ratio (forecast period)	Gross margin ratio (stable period)
Derong Packaging and its subsidiaries	13.86%	2.0%-18.7%	19.4%-22.2%	21.3%
Sikeqi and its subsidiaries	14.95%	(1.7)%-8.1%	32.8%-37.3%	38.4%
LESSON Dairy and its subsidiaries	12.74%	8.0%-15.3%	20.0%-23.2%	23.7%
Xi'an Yinqiao and its subsidiaries	13.07%	5.0%-11.0%	21.0%-21.3%	21.8%

As of June 30, 2024

Asset group	Pre-tax discount rate	Revenue growth rate (forecast period)	Gross margin ratio (forecast period)	Gross margin ratio (stable period)
Banner Dairy	14.27%	(25.2)%-0%	42.5%-45.2%	43.8%
Banner Animal Husbandry	11.25%	4.8%-13.2%	15.8%-21.9%	23.8%

As of December 31, 2024

Asset group	Pre-tax discount rate	Revenue growth rate (forecast period)	Gross margin ratio (forecast period)	Gross margin ratio (stable period)
Leshi Dairy	12.37%	0.5%-2.4%	5.7%-7.6%	6.3%
Derong Packaging and its subsidiaries	14.63%	(2.1)%-2.0%	21.7%-23.2%	21.9%
Sikeqi and its subsidiaries	13.08%	(11.7)%-15.2%	24.2%-27.4%	29.1%
LESSON Dairy and its subsidiaries	12.38%	2.9%-17.4%	21.2%-25.1%	25.8%
Xi'an Yinqiao and its subsidiaries	12.54%	2.0%-9.6%	19.4%-21.3%	21.9%

As of December 31, 2025

Asset group	Pre-tax discount rate	Revenue growth rate (forecast period)	Gross margin ratio (forecast period)	Gross margin ratio (stable period)
Leshi Dairy	11.84%	0.1%-1.8%	6.0%-6.8%	5.1%
Derong Packaging and its subsidiaries	15.78%	1.0%-1.4%	20.5%-22.6%	21.7%
LESSON Dairy and its subsidiaries	11.66%	2.4%-15.0%	20.5%-22.0%	22.8%
Xi'an Yinqiao and its subsidiaries	11.73%	1.5%-10.8%	20.6%-22.7%	23.0%

As of June 30, 2026

Asset group	Pre-tax discount rate	Revenue growth rate (forecast period)	Gross margin ratio (forecast period)	Gross margin ratio (stable period)
Xi'an Yinqiao and its subsidiaries	11.50%	1.5%-8.1%	19.2%-20.7%	21.2%

For details, please refer to Note (VI) 17 to the Accountants' Report in Appendix I to this Document.

Accounts Payable

Our accounts payable primarily consisted of (i) payables for purchase of goods; (ii) payables for freight; and (iii) payables for constructions. The following table sets forth a breakdown of our accounts payable as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Payables for purchase of goods	2,291,851	2,279,740	2,768,412	1,987,495
Payables for freight	145,151	232,724	206,077	162,720
Payables for constructions	124,561	131,627	118,576	90,162
Total	**2,561,563**	**2,644,091**	**3,093,065**	**2,240,377**

Our accounts payable remained relatively stable at RMB2,561.6 million and RMB2,644.1 million as of December 31, 2023 and 2024, respectively. Our accounts payable increased by 17.0% from RMB2,644.1 million as of December 31, 2024 to RMB3,093.1 million as of December 31, 2025, primarily due to an increase of RMB488.7 million in payables for purchase of goods, driven by increased raw material procurement and inventory stockpiling to match the increased sales and production volumes. Our accounts payable decreased by 27.6% from RMB3,093.1 million as of December 31, 2025 to RMB2,240.4 million as of June 30, 2026, primarily due to a decrease of RMB780.9 million in payables for purchase of goods, mainly attributable to (i) the settlement of payables during the period in accordance with our payment arrangements; and (ii) a seasonal decline in raw material procurement.

The following table sets forth an aging analysis of our accounts payable as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year (inclusive)	2,548,253	2,616,514	3,022,292	2,143,381
1-2 years (inclusive)	10,681	22,327	69,555	89,954
2-3 years (inclusive)	1,247	2,784	573	6,905
Over 3 years	1,382	2,466	645	137
Total	**2,561,563**	**2,644,091**	**3,093,065**	**2,240,377**

The following table sets forth our average accounts payables turnover days for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
	(days)			
Average accounts payable turnover days[(1)]	80	72	74	67

Note:

(1) Average accounts payable turnover days equal the average of the opening and closing balances of accounts payable of the year/period indicated divided by the operating costs of the same year/period and multiplied by 360 days for a full-year period or 180 days for a six-month period.

Our average accounts payable turnover days decreased from 80 days in 2023 to 72 days in 2024, primarily due to our improved payment efficiency. Our average accounts payable turnover days remained relatively stable at 72 days in 2024 and 74 days in 2025. Our average accounts payable turnover days decreased from 74 days in 2025 to 67 days for the six months ended June 30, 2026, primarily reflecting the settlement of payables and the seasonal decline in raw material procurement.

As of July 31, 2026, RMB1,076.1 million, or 48.1%, of our accounts payable as of June 30, 2026 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily consisted of (i) receipts in advance on sales of goods; and (ii) other receipts in advance. The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Receipts in advance on sales of goods	1,440,969	1,388,263	1,170,554	1,048,967
Other receipts in advance	522,233	540,135	5,397	–
Total	**1,963,202**	**1,928,398**	**1,175,951**	**1,048,967**

Our contract liabilities remained relatively stable at RMB1,963.2 million and RMB1,928.4 million as of December 31, 2023 and 2024, respectively, and decreased by 39.0% to RMB1,176.0 million as of December 31, 2025, primarily due to (i) a decrease of RMB534.7 million in other receipts in advance, primarily attributable to the recognition of revenue upon the delivery of completed residential units primarily to our employees; and (ii) a decrease of RMB217.7 million in receipts in advance on sales of goods, primarily due to the fulfillment of contract obligations. Our contract liabilities decreased by 10.8% from RMB1,176.0 million as of December 31, 2025 to RMB1,049.0 million as of June 30, 2026, primarily due to a decrease of RMB121.6 million in receipts in advance on sales of goods, primarily reflecting the seasonally higher receipts in advance for holiday sales at the end of 2025.

As of July 31, 2026, approximately RMB497.0 million, or 47.4%, of our contract liabilities as of June 30, 2026 had been recognized as revenue.

Other Payables

Our other payables primarily consisted of (i) payables for purchase of long-term asset; (ii) payables and accruals for advertising expenses; (iii) security deposits; (iv) out-of-pocket expenses payable to distributors; (v) dividends payable; (vi) accrued promotion and other expenses; and (vii) others.

The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Payables for purchase of long-term asset	529,463	587,999	479,323	397,929
Payables and accruals for advertising expenses	496,124	122,088	112,196	213,626
Security deposits	366,834	278,609	287,489	249,103
Out-of-pocket expenses payable to distributors	269,846	253,422	207,674	215,872
Payables for purchase of equity interests	–	602	–	–
Accrued promotion and other expenses	178,849	190,177	294,015	274,002
Others	121,094	110,548	116,192	123,958
Total	**1,962,210**	**1,543,445**	**1,496,889**	**1,474,490**

Our other payables decreased by 21.3% from RMB1,962.2 million as of December 31, 2023 to RMB1,543.4 million as of December 31, 2024, primarily due to (i) a decrease of RMB374.0 million in payables and accruals for advertising expenses, primarily attributable to the settlement following the conclusion of certain major marketing campaigns; and (ii) a decrease of RMB88.2 million in security deposits, primarily due to the refund of deposits resulting from the termination of cooperation with certain distributors. The foregoing was partially offset by an increase of RMB58.5 million in payables for purchase of long-term asset, primarily due to our continued investment in production facilities. Our other payables remained relatively stable at RMB1,543.4 million, RMB1,504.8 million and RMB1,474.6 million as of December 31, 2024, 2025 and June 30, 2026, respectively.

As of July 31, 2026, RMB175.6 million, or 11.9% of our other payables outstanding as of June 30, 2026, had been subsequently settled.

Deferred Income

Our deferred income primarily consisted of (i) government grants related to assets; and (ii) government grants related to income. The following table sets forth a breakdown of our deferred income as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Government grants related to assets	1,035,636	1,000,909	932,019	861,177
Government grants related to income	29,094	19,959	9,749	8,789
Total	**1,064,730**	**1,020,868**	**941,768**	**869,966**

Our deferred income remained relatively stable at RMB1,064.7 million and RMB1,020.9 million as of December 31, 2023 and 2024, respectively. Our deferred income decreased by 7.7% from RMB1,020.9 million as of December 31, 2024 to RMB941.8 million as of December 31, 2025, and further decreased by 7.6% to RMB870.0 million as of June 30, 2026, primarily due to the amortization of government grants related to assets.

As of July 31, 2026, approximately RMB12.5 million, or 1.4%, of our deferred income as of June 30, 2026 had been subsequently recognized as other income.

NET CURRENT LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current assets				
Cash at bank and on hand	1,488,990	1,584,606	1,306,116	1,311,487
Derivative financial assets	24,827	–	–	–
Bills receivable	2,582	2,400	1,774	2,400
Accounts receivable	978,794	868,967	992,638	981,142

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Accounts receivable financing	419	–	461	11,672
Prepayments	186,330	193,087	174,122	226,603
Other receivables	125,219	189,791	234,752	245,242
Inventories	3,325,366	3,270,289	2,696,271	1,584,359
Non-current assets due within one year	3,378	44,287	22,196	14,676
Other current assets	221,950	251,226	308,684	306,972
Total current assets	**6,357,855**	**6,404,653**	**5,737,014**	**4,684,553**
Current liabilities				
Short-term borrowings	1,939,949	2,241,125	1,788,691	2,207,291
Bills payable	277,266	359,125	215,239	2,390
Accounts payable	2,561,563	2,644,091	3,093,065	2,240,377
Contract liabilities	1,963,202	1,928,398	1,175,951	1,048,967
Employee benefits payable	254,042	272,574	250,399	199,375
Taxes payable	76,628	101,747	210,099	91,107
Other payables	2,167,673	1,543,445	1,504,816	1,474,618
Non-current liabilities due within one year	1,430,564	2,397,695	1,319,553	917,379
Other current liabilities	248,432	192,673	170,997	161,656
Total current liabilities	**10,919,319**	**11,680,873**	**9,728,810**	**8,343,160**
Net current liabilities	**4,561,464**	**5,276,220**	**3,991,796**	**3,658,607**

The majority of our net current liabilities consisted of non-interest-bearing operating liabilities, primarily comprising contract liabilities and accounts payable. Our contract liabilities primarily arose from the advance payment model adopted with our distributors, while our accounts payable primarily arose from the credit periods generally granted to us by our suppliers. Such operating liabilities have grown in line with the expansion of our business, which reflects our favorable bargaining position and supports the sustainable operation of our business.

We plan to further improve our net current liabilities position through the following measures: (i) fully utilizing the continuous net cash inflows generated from our operating activities to strengthen our current asset position; (ii) further optimizing our accounts receivable collection management and inventory turnover efficiency, such as actively managing our inventory levels to balance market demand against holding costs, and closely monitoring the collection of accounts receivable to accelerate cash collection; and (iii) proactively optimizing our capital structure by exercising prudent control over new short-term borrowings and prioritizing the use of operating cash flows and long-term financing to meet our funding needs, so as to ensure a steady reduction in the scale of our short-term borrowings. In addition, the estimated net [**REDACTED**] from the [**REDACTED**] will provide additional liquidity and further improve our net current liabilities position.

We had net current liabilities of RMB3,658.6 million as of June 30, 2026, which represented a decrease of RMB333.2 million from our net current liabilities of RMB3,991.8 million as of December 31, 2025. This decrease was primarily due to (i) a decrease of RMB852.7 million in accounts payable; (ii) a decrease of RMB402.2 million in non-current liabilities due within one year; and (iii) a decrease of RMB212.8 million in bills payable; and (iv) a decrease of RMB127.0 million in contract liabilities. This was partially offset by (i) a decrease of RMB1,111.9 million in inventories; and (ii) an increase of RMB418.6 million in short-term borrowings.

We had net current liabilities of RMB3,991.8 million as of December 31, 2025, which represented a decrease of RMB1,284.4 million from our net current liabilities of RMB5,276.2 million as of December 31, 2024. This decrease was primarily due to (i) a decrease of RMB1,078.1

million in non-current liabilities due within one year; (ii) a decrease of RMB752.4 million in contract liabilities; and (iii) a decrease of RMB452.4 million in short-term borrowings. This was partially offset by (i) a decrease of RMB574.0 million in inventories; (ii) an increase of RMB449.0 million in accounts payable; and (iii) a decrease of RMB278.5 million in cash at bank and on hand.

We had net current liabilities of RMB5,276.2 million as of December 31, 2024, which represented an increase of RMB714.7 million from our net current liabilities of RMB4,561.5 million as of December 31, 2023. This increase was primarily due to (i) an increase of RMB967.1 million in non-current liabilities due within one year; (ii) an increase of RMB301.2 million in short-term borrowings; and (iii) a decrease of RMB109.8 million in accounts receivable. This was partially offset by (i) a decrease of RMB624.2 million in other payables; and (ii) an increase of RMB95.6 million in cash at bank and on hand.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we funded our cash requirements principally from cash generated from our operating activities and bank borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024, 2025 and June 30, 2026, our cash and cash equivalents were RMB1,354.5 million, RMB1,477.4 million, RMB1,267.5 million and RMB1,264.9 million, respectively.

Cash flows

The following table presents our selected consolidated cash flow data for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
			(RMB in thousands)		
Net cash inflow from operating activities	2,023,010	3,530,528	3,393,931	534,389	776,750
Net cash outflow from investing activities	(3,760,155)	(2,333,336)	(2,135,511)	(620,576)	(824,695)
Net cash inflow/(outflow) from financing activities	1,541,021	(1,074,238)	(1,468,187)	(669,059)	45,705
Effect of foreign exchange rate changes on cash and cash equivalents	20	(30)	(141)	(118)	(377)
Net (decrease)/increase in cash and cash equivalents	**(196,104)**	**122,924**	**(209,908)**	**(755,365)**	**(2,618)**
Cash and cash equivalents at the beginning of the year/period	1,550,567	1,354,463	1,477,387	1,477,387	1,267,479
Cash and cash equivalents at the end of the year/period	**1,354,463**	**1,477,387**	**1,267,479**	**722,023**	**1,264,861**

Operating activities

For the six months ended June 30, 2026, we had net cash inflow from operating activities of RMB776.7 million, which represents our cash inflow from operations of RMB13,044.2 million, as adjusted by (i) payments for goods and services of RMB8,917.3 million; (ii) payment for other operating activities of RMB1,500.7 million, which primarily consisted of advertising expenses, selling and promotion expenses, payment of deposits, guarantees and advances paid by distributors; and (iii) payment to and for employees of RMB1,276.5 million.

In 2025, we had net cash inflow from operating activities of RMB3,393.9 million, which represents our cash inflow from operations of RMB24,532.2 million, as adjusted by (i) payment for goods and services of RMB14,491.8 million; (ii) payment for other operating activities of RMB3,160.9 million, which primarily consisted of advertising expenses, selling and promotion expenses, payment of deposits, guarantees and advances paid by distributors; and (iii) payment to and for employees of RMB2,462.4 million.

In 2024, we had net cash inflow from operating activities of RMB3,530.5 million, which represents our cash inflow from operations of RMB24,808.7 million, as adjusted by (i) payment for goods and services of RMB14,156.2 million; (ii) payment for other operating activities of RMB3,857.9 million, which primarily consisted of advertising expenses, selling and promotion expenses, payment of deposits, guarantees and advances paid by distributors; and (iii) payment to and for employees of RMB2,308.0 million.

In 2023, we had net cash inflow from operating activities of RMB2,023.0 million, which represents our cash inflow from operations of RMB21,729.9 million, as adjusted by (i) payment for goods and services of RMB13,266.2 million; (ii) payment for other operating activities of RMB3,552.2 million, which primarily consisted of advertising expenses, selling and promotion expenses, payment of deposits, guarantees and advances paid by distributors; and (iii) payment to and for employees of RMB1,972.1 million.

Investing activities

For the six months ended June 30, 2026, we had net cash outflow from investing activities of RMB824.7 million, which was primarily attributable to payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB1,126.4 million, partially offset by net proceeds from disposal of fixed assets, intangible assets and other long-term assets of RMB296.3 million.

In 2025, we had net cash outflow from investing activities of RMB2,135.5 million, which was primarily attributable to payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB2,561.6 million, partially offset by net proceeds from disposal of fixed assets, intangible assets and other long-term assets of RMB393.5 million.

In 2024, our net cash outflow from investing activities was RMB2,333.3 million, which was primarily attributable to payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB2,556.6 million, partially offset by net proceeds from disposal of fixed assets, intangible assets and other long-term assets of RMB331.8 million.

In 2023, our net cash outflow from investing activities was RMB3,760.2 million, which was primarily attributable to (i) payment for acquisition of fixed assets, intangible assets and other long-term assets of RMB3,285.2 million; and (ii) payments for investments of RMB956.8 million, primarily related to the purchase of wealth management products and investment in an associate; and (iii) net payments for acquisitions of subsidiaries of RMB654.9 million, primarily due to payments for our acquisition of certain subsidiaries, partially offset by (i) proceeds from disposal of investments of RMB653.4 million, primarily due to the redemption of wealth management products; and (ii) net proceeds from disposal of fixed assets, intangible assets and other long-term assets of RMB435.0 million.

Financing activities

For the six months ended June 30, 2026, we had net cash inflow from financing activities of RMB45.7 million, which was primarily attributable to proceeds from borrowings of RMB2,301.8 million, partially offset by (i) repayments of borrowings of RMB2,034.4 million; and (ii) payments for dividends, profit distributions or interests of RMB206.1 million.

In 2025, we had net cash outflow from financing activities of RMB1,468.2 million, which was primarily attributable to (i) repayments of borrowings of RMB5,660.2 million; and (ii) payments for dividends, profit distributions or interests of RMB2,007.7 million, partially offset by proceeds from borrowings of RMB6,273.5 million.

In 2024, our net cash outflow from financing activities was RMB1,074.2 million, primarily attributable to (i) repayments of borrowings of RMB5,625.2 million; and (ii) payments for dividends, profit distributions or interests of RMB951.6 million, partially offset by proceeds from borrowings of RMB5,671.0 million.

In 2023, our net cash inflow from financing activities was RMB1,541.0 million, primarily attributable to proceeds from borrowings of RMB6,975.3 million, partially offset by (i) repayments of borrowings of RMB4,480.0 million; and (ii) payments for dividends, profit distributions or interests of RMB674.8 million.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to the Group, including the estimated net [**REDACTED**] from the [**REDACTED**] and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this Document.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in millions)			
Current				
Short-term borrowings	1,939.9	2,241.1	1,788.7	2,207.3
Other current liabilities – obligation to repurchase non-controlling interests	135.0	125.0	125.0	125.0
Non-current liabilities due within one year	1,430.6	2,397.7	1,319.6	917.4
Non-Current				
Long-term borrowings	6,525.5	5,116.4	7,184.8	7,437.8
Lease liabilities	387.6	336.8	332.9	319.5
Long-term payables	168.0	109.9	76.9	78.3
Provisions	19.7	22.1	23.0	23.5
Total	**10,606.3**	**10,349.0**	**10,850.9**	**11,108.8**

Our Directors confirmed that there has not been any material change in our indebtedness since June 30, 2026 to the date of this Document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank loans, we did not have plans for other material external debt financing.

Short-term and Long-term Borrowings

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had short-term borrowings of RMB1,939.9 million, RMB2,241.1 million, RMB1,788.7 million and RMB2,207.3 million, respectively. As of the same dates, such borrowings were primarily denominated in Renminbi with effective interest rates ranging from 0.40% to 5.40%. During the Track Record Period, our short-term borrowings were primarily used for capital expenditures for the construction of our comprehensive value chain, including dairy production facilities and dairy farms. The following table sets forth a breakdown of short-term borrowing by category as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in millions)			
Unsecured borrowings	674.1	727.5	875.4	794.3
Guaranteed borrowings	1,207.8	1,493.6	913.3	1,413.0
Secured borrowings	50.0	20.0	–	–
Guaranteed and secured borrowings	8.0	–	–	–
Total	**1,939.9**	**2,241.1**	**1,788.7**	**2,207.3**

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had long-term borrowings of RMB6,525.5 million, RMB5,116.4 million, RMB7,184.8 million and RMB7,437.8 million, respectively. As of the same dates, such borrowings were primarily denominated in Renminbi and US dollars with effective interest rates ranging from 2.30% to 5.40%. During the Track Record Period, our long-term borrowings were primarily used for capital expenditures for the construction of our comprehensive value chain, including dairy production facilities and dairy farms. The following table sets forth a breakdown of long-term borrowings by category as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in millions)			
Unsecured borrowings	1,946.7	1,854.8	2,242.8	1,912.1
Guaranteed borrowings	5,178.1	4,875.8	5,606.9	5,867.6
Guaranteed and secured borrowings	737.5	631.3	524.0	446.5
Secured borrowings	–	30.0	80.1	75.6
Subtotal	7,862.3	7,391.9	8,453.8	8,301.8
Less:				
Long-term borrowings due within one year	1,336.8	2,275.5	1,269.0	864.0
Total	**6,525.5**	**5,116.4**	**7,184.8**	**7,437.8**

As of June 30, 2026, our committed unutilized banking facilities amounted to RMB10,543.7 million.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of short-term and long-term borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Other Current Liabilities — Obligation to Repurchase Non-controlling Interests

Our other current liabilities in relation to obligation to repurchase non-controlling interests primarily represented our equity repurchase obligations to the non-controlling shareholders of certain of our subsidiaries. Our other current liabilities in relation to obligation to repurchase non-controlling interests decreased by 7.4% from RMB135.0 million as of December 31, 2023 to RMB125.0 million as of December 31, 2024, primarily due to the completion of partial equity repurchase from the non-controlling shareholder of a subsidiary. Our other current liabilities in relation to obligation to repurchase non-controlling interests remained relatively stable at RMB125.0 million at December 31, 2024, 2025 and June 30, 2026.

Non-current Liabilities Due within One Year

Our non-current liabilities due within one year primarily comprise (i) long-term borrowings due within one year; (ii) lease liabilities due within one year; and (iii) long-term payables due within one year. Our non-current liabilities due within one year increased by 67.6% from RMB1,430.6 million as of December 31, 2023 to RMB2,397.7 million as of December 31, 2024, primarily due to an increase in long-term borrowings due within one year in accordance with the terms of our borrowing agreements with the relevant banks. Our non-current liabilities due within one year decreased by 45.0% from RMB2,397.7 million as of December 31, 2024 to RMB1,319.6 million as of December 31, 2025, primarily due to a decrease in long-term borrowings due within one year as we repaid borrowings upon maturity in accordance with the terms of our borrowing agreements with the relevant banks. Our non-current liabilities due within one year decreased by 30.5% from RMB1,319.6 million as of December 31, 2025 to RMB917.4 million as of June 30, 2026, primarily due to a decrease in long-term borrowings due within one year following the repayment of borrowings upon maturity.

Lease Liabilities

Our lease liabilities primarily comprise lease contracts for land, plant, building and equipment. Our lease liabilities decreased by 13.1% from RMB387.6 million as of December 31, 2023 to RMB336.8 million as of December 31, 2024, primarily due to a decrease in lease liabilities related to dairy farming equipment as a result of our disposal of partial equity interests in two subsidiaries, upon which such subsidiaries were reclassified as our associates. Our lease liabilities remained relatively stable at RMB336.8 million, RMB332.9 million and RMB319.5 million as of December 31, 2024, 2025 and June 30, 2026, respectively.

Long-term Payables

Our long-term payables mainly comprise fixed returns that we are required to pay periodically in respect of policy-related funding support and poverty alleviation funding support obtained for factory and farm construction. Our long-term payables decreased by 34.6% from RMB168.0 million as of December 31, 2023 to RMB109.9 million as of December 31, 2024, primarily due to (i) the repayment of certain long-term payables; and (ii) the reclassification of certain long-term payables to payables due within one year. Our long-term payables further decreased by 30.0% to RMB76.9 million as of December 31, 2025, primarily due to (i) the repayment of certain financing payables; and (ii) the absence of significant new long-term payables incurred in 2025. Our long-term payables remained relatively stable at RMB76.9 million and RMB78.3 million as of December 31, 2025 and June 30, 2026.

Provisions

Our provisions mainly comprise reclamation fees related to dairy farming land leases. Our provisions remained relatively stable at RMB19.7 million, RMB22.1 million, RMB23.0 million and RMB23.5 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

Indebtedness Statement

Except as disclosed above and as otherwise disclosed in this Document, as of June 30, 2026, being our indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since June 30, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures primarily comprise expenditures for (i) construction of fixed assets, intangible assets and construction in progress, (ii) purchase and cultivation of biological assets, and (iii) payments for right-of-use assets. The following table sets forth our capital expenditures for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
Construction of fixed assets, intangible assets and construction in progress	1,540,196	1,095,558	863,357	327,530	365,576
Purchase and cultivation of biological assets	2,333,274	1,861,091	1,715,365	786,840	866,889
Payments for right-of-use assets	1,414	6,741	–	2,971	1,171
Total	**3,874,884**	**2,963,390**	**2,578,722**	**1,117,341**	**1,233,636**

During the Track Record Period, our expenditures for construction of fixed assets, intangible assets and construction in progress decreased gradually from RMB1,540.2 million in 2023 to RMB863.4 million in 2025, primarily due to the gradual completion of construction of our dairy production facilities and dairy farms. Our expenditures for construction of fixed assets, intangible assets and construction in progress subsequently increased from RMB327.5 million for the six months ended June 30, 2025 to RMB365.6 million for the six months ended June 30, 2026, primarily due to the construction of our Jiangmen factory and Tianchang factory. Our expenditures for purchase and cultivation of biological assets decreased gradually from RMB2,333.3 million in 2023 to RMB1,715.4 million in 2025, primarily due to (i) a gradual decrease in capital expenditures related to the external purchase of biological assets as the construction of our dairy farms were progressively completed; and (ii) a decrease in feeding costs. Our expenditures for purchase and cultivation of biological assets subsequently increased from RMB786.8 million for the six months ended June 30, 2025 to RMB866.9 million for the six months ended June 30, 2026, primarily due to an increase in feeding costs in line with the expansion of our herd scale.

We expect to finance our capital expenditures through financial resources currently available to us, cash generated from operations and the net [**REDACTED**] to be received from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our results of operations and financial conditions, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for details.

CAPITAL COMMITMENTS

The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Purchase of long-term asset commitments	727,186	379,493	264,346	390,969
Total	**727,186**	**379,493**	**264,346**	**390,969**

We expect to satisfy our capital commitments using financial resources currently available to us, cash generated from operations and net [**REDACTED**] to be received from the [**REDACTED**].

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet agreements.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note (XI) 5 to the Accountants' Report included in Appendix I to this Document was conducted on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

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

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Gross profit margin of dairy products equals gross profit of dairy products divided by revenue from dairy products and multiplied by 100%.

(3) Net profit margin equals net profit divided by revenue and multiplied by 100%. Our net profit margin for 2023 was 0.03%, primarily due to the interest expenses on financial liabilities related to shareholders' special rights of RMB554.4 million, arising from certain special rights granted to certain Pre-[**REDACTED**] investors before the Track Record Period. Such special rights were terminated in 2023, resulting in the derecognition of the relevant liabilities and no interest expenses were subsequently incurred. See Note (VI) 37 to the Accountants' Report in Appendix I to this Document.

(4) Adjusted net profit margin (non-CASBE measure) equals adjusted net profit (non-CASBE measure) divided by revenue and multiplied by 100%. See "— Non-CASBE Financial Measures."

BIOLOGICAL ASSETS AND VALUATION

Under the CASBE, our biological assets included (i) consumable biological assets and (ii) productive biological assets, and were measured at cost.

Consumable biological assets are biological assets held for sale or to be harvested as agricultural produce in the future, primarily including beef cattle. They are recognized in inventories and carried as the lower of the cost and net realizable value at the balance sheet date. See Note (III) 17.1 to the Accountants' Report in Appendix I to this Document for the measurement method of consumable biological assets, basis for determining net realizable value and method for provision of consumable biological assets.

Productive biological assets are biological assets held for the production of agricultural produce, provision of services or rental, including immature productive biological assets and mature productive biological assets. Immature productive biological assets primarily include calves and heifers. Mature productive biological assets primarily include milkable cows. Such productive biological assets are presented as costs less accumulated depreciation and impairment provision. See Note (III) 17.2 to the Accountants' Report in Appendix I to this Document for the basis of determining the cost, the depreciation method and impairment provision.

Pursuant to Chapter 4.10 under the Guide for New Listing Applicants published by the Stock Exchange, we have engaged Asia-Pacific Consulting and Appraisal Limited ("APA") (the "Valuer"), a firm of independent qualified professional valuer, to determine the fair value of our biological assets. The valuation was carried out on a fair value basis, which is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. To derive the fair value of the biological assets, the Valuer adopted two valuation approaches, namely the market approach and the income approach.

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Productive biological assets				
– Immature productive biological assets	2,159,104	1,653,787	2,046,558	2,124,826
– Mature productive biological assets	2,452,626	2,990,982	2,943,923	2,985,367
Subtotal	**4,611,730**	**4,644,769**	**4,990,481**	**5,110,193**
Consumable biological assets				
– Beef cattle	49,891	N/A	N/A	N/A
Total	**4,661,621**	**4,644,769**	**4,990,481**	**5,110,193**

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

The following table sets forth the headcounts of our biological assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(heads)			
Productive biological assets				
– Immature productive biological assets	104,959	91,454	97,927	97,473
– Mature productive biological assets	81,146	95,960	97,818	100,858
Subtotal	**186,105**	**187,414**	**195,745**	**198,331**
Consumable biological assets				
– Beef cattle	4,101	N/A	N/A	N/A
Total	**190,206**	**187,414**	**195,745**	**198,331**

Our biological assets were independently valued by the Valuer. The Valuer is an independent professional valuer not connected with us and has appropriate and extensive experience in the valuation of biological assets.

Information about the Independent Valuer of Our Biological Assets

We have engaged Asia-Pacific Consulting and Appraisal Limited ("**APA**"), an independent valuer, to determine the fair value of our biological assets as of December 31, 2023, 2024, 2025 and June 30, 2026 (the "**Valuation Dates**"), respectively. The key valuers of the APA team includes Mr. Jack W.J. Li.

Mr. Jack W.J. Li, Executive Director at APA, is a member of the Chartered Financial Analyst and a member of Royal Institution of Chartered Surveyors. He oversees the business valuation services of APA and has over 15 years of valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in China, Hong Kong, Singapore and the United States. Jack has also participated in certain large scale IPOs of State-owned and privately-owned enterprises in China. He oversaw the valuation of biological assets for the initial public offerings and subsequent financial reports of BIOCYTOGEN (stock code: 2315.hk), ZONBONG ENVIRO (stock code: 1855.hk), and UNI HEALTH (stock code: 2211.hk).

Based on market reputation and relevant background research, our Directors and the Joint Sponsors are satisfied that APA is independent from us and is competent in conducting a valuation on our biological assets.

Valuation Methodology

In arriving at the assessed value, two generally accepted approaches have been considered, namely, the market approach and the income approach.

Market approach is adopted to value our calves, heifers and beef cattle. Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the conditions and utility of the appraised assets relative to the market comparatives. Assets for which there is an established used market may be valued by this approach.

Income Approach is adopted to value our milkable cows. APA understands from the Company that generally there is no reliable market-based price for dairy cow at maturity stage, therefore the fair value of the milkable cows is developed through the application of income approach technique known as multi-period excess earnings method ("**MEEM**").

MEEM is a derivative of the discounted cash flow ("**DCF**") method. Using this technique, APA estimate the direct economic benefits attributed to the milkable cows. Such economic benefits are then capitalized at a rate which reflects all business risks including intrinsic and extrinsic uncertainties in relation to the subject assets. To estimate the economic benefits, the revenues for the milkable cows are projected over their remaining useful lives. Based on the projected revenues, the costs associated with supporting the milkable cows are net off. The net income projection is then adjusted by economic capital charges. The capital charges include returns on the assets that are used or used up in the generation of the subject biological assets income projection. Our Directors and Joint Sponsors confirmed that the components of the material cash flows used in the fair value measurement are consistent with market factors and assumptions used in the measurement.

The following valuation methods for each type of biological assets were adopted:

Dairy cows

Calves and heifers

A market-based approach is adopted by APA to value our calves and heifers, because recent market-based prices for heifers at a certain age exist near each reporting date and therefore the fair value of the calves and heifers is developed through the application of the market approach with reasonable adjustments to reflect age differences.

Milkable Cows

An income-based approach is adopted by APA to value our milkable cows, primarily because there is no reliable market-based price for dairy cow at this stage. In general, raisers of dairy cows do not sell dairy cows that are milkable, as milking generate more profits in the long run than the sales of dairy cows. As a result, the fair value of the milkable cows is developed through the application of an income approach technique known as MEEM as described above.

Beef cattle

Market Approach is adopted by APA to value the beef cattle. Because the market-based prices for newborn beefs and mature beefs can be obtained as of the valuation date. Given the relatively short finishing cycle of beefs, the fair values of the beefs are developed through the application of market approach with reasonable adjustments to reflect the age differences.

Key Assumptions and Inputs

Dairy cows

Key inputs for valuing our dairy cows are the number and classification of dairy cows. Based on maturity stages, our dairy cow are classified into calves and heifers and milkable cows. Different valuation approaches are adopted for calves and heifers and milkable cows.

Calves and heifers

The key inputs and assumptions for valuing our calves and heifers are the market prices per head for 14 months old heifers, which was RMB22,800, RMB22,000, RMB22,000 and RMB21,500 as of December 31, 2023, 2024, 2025 and June 30, 2026.

Milkable cows

The key assumptions and inputs include the revenues from milking the dairy cows and the costs associated with the milkable cows. APA also assumes that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which may adversely affect our business. In deriving the residual cash flow of the milkable cows, APA has deducted returns on contributory assets, which represent charges for the use of contributory assets employed to support the milkable cows and help generate revenue.

Beef cattle

The key inputs and assumptions for valuing the beef cattle are the historical average selling price of 20.84 RMB/Kg as of December 31, 2023. The fair values of the beef cattle are determined with reasonable adjustments to reflect the age differences.

The following table sets forth a summary of key assumptions and inputs to the valuation of biological assets as of December 31, 2023, 2024, 2025 and June 30, 2026.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Heifers and Calves		
The fair value of 14 months old heifers and calves is determined by reference to the local market selling prices.	Estimated local market selling prices of 14 months old heifers were RMB22,800, RMB22,000, RMB22,000, and RMB21,500 per head as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the estimated local market selling prices used would result in increase in the fair value measurement of the heifers and calves, and vice versa.
For age groups of heifers and calves younger than 14 months old, incremental costs required to raise the cows from their respective age at the end of each of the Relevant Periods to 14 months were subtracted. . . .	Incremental costs for the age younger than 14 months old ranged from RMB10,860 to RMB20,403, from RMB9,076 to RMB20,645, from RMB8,890 to RMB18,264, and from RMB8,527 to RMB20,079 per head as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the incremental costs used would result in a decrease in the fair value measurement of heifers and calves younger than 14 months, and vice versa.
For heifers between 14 and 24 months, incremental costs required to raise the heifers from 14 months to their respective age at the end of each of Relevant Periods were added.	Incremental costs for heifers between 14 and 24 months were RMB14,510, RMB14,215, RMB13,254, and RMB14,352 per head as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the incremental costs used would result in an increase in the fair value measurement of heifers between 14 and 24 months, and vice versa.
Milkable cows		
The fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process range from RMB2.51 to RMB2.83, from RMB2.17 to RMB2.56, from RMB2.07 to RMB2.22 and from RMB1.92 to RMB2.08 as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa.
	Estimated average prices of raw milk per kg range from RMB4.24 to RMB4.94, from RMB3.85 to RMB4.66, from RMB3.76 to RMB4.44 and from RMB3.44 to RMB4.36 as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the estimated average price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
	A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield per head at each lactation cycle ranges from 29.69 kg to 35.90 kg, from 30.28 kg to 36.64 kg, from 30.53 kg to 37.37 kg and from 29.93 kg to 37.23 kg as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the estimated average daily milk yield per head used would result in an increase in the fair value measurement of milkable cows, and vice versa.
	Discount rate for estimated future cash flows used was 13%, 13%, 13% and 13% as of December 31, 2023, 2024, 2025, and June 30, 2026, respectively.	An increase in the discount rate used would result in a decrease in the fair value measurement of the milkable cows, and vice versa.

Other Assumptions

In this valuation exercise, the Valuer assumed that all proposed facilities and systems will be operated efficiently and have sufficient capacity for future expansion. The Valuer also assumed that the historical trend and data will be maintained and there will be no material change in the existing political, legal, technological, fiscal or economic condition that may adversely affect our business.

The Valuer planned and performed the valuation so as to obtain all the information and explanations that the Valuer considered necessary in order to provide them with sufficient evidence to express the opinion on the subject asset. The Valuer is of the opinion that the valuation procedures they employed provide a reasonable basis for their opinion.

The Joint Sponsors have reviewed and considered the qualification and relevant valuation experience of APA and its professional valuers, and held various discussions with APA in relation to its valuation procedures, valuation bases and assumptions, valuation techniques and information required to prepare the valuation report of the biological assets to better understand the valuation process. In addition, the Joint Sponsors discussed with our management with respect to the techniques chosen and the inputs used in the valuations. The Joint Sponsors further compared the valuation technique chosen, bases and assumptions of the valuation with those used in other similar transactions and market practice. Given the above, the Joint Sponsors are satisfied that the valuation techniques methodology and major inputs used in the valuation of our biological assets are appropriate and reasonable.

Sensitivity Analysis

A significant increase/decrease in the estimated raw milk price, feed cost, market selling price of 14 months old heifers and discount rate in isolation would result in a significant increase/decrease in the fair value of the biological assets. As of December 31, 2023, 2024, 2025 and June 30, 2026, if raw milk price increases by 10%, the estimated fair value of biological assets would have increased by 14.2% or RMB655 million, 17.7% or RMB823 million, 15.7% or RMB785 million and 14.6% or RMB746 million, respectively, and if raw milk price decreases by 10%, the estimated fair value of biological assets would have decreased by 14.2% or RMB655 million, 17.7% or RMB823 million, 15.7% or RMB785 million and 14.6% or RMB746 million, respectively.

As of December 31, 2023, 2024, 2025 and June 30, 2026, if feed cost increases by 10%, the estimated fair value of biological assets would have decreased by 8.2% or RMB380 million, 10.2% or RMB474 million, 9.1% or RMB453 million and 8.5% or RMB436 million, respectively, and if feed cost decreases by 10%, the estimated fair value of biological assets would have increased by 8.2% or RMB380 million, 10.2% or RMB474 million, 9.1% or RMB453 million and 8.5% or RMB436 million, respectively.

As of December 31, 2023, 2024, 2025 and June 30, 2026, if market selling price of 14 months old heifers increases by 10%, the estimated fair value of biological assets would have increased by 7.8% or RMB357 million, 7.4% or RMB342 million, 7.0% or RMB350 million and 6.8% or RMB347 million, respectively, and if market selling price of 14 months old heifers decreases by 10%, the estimated fair value of biological assets would have decreased by 7.6% or RMB349 million, 7.4% or RMB342 million, 7.0% or RMB350 million and 6.8% or RMB347 million, respectively.

As of December 31, 2023, 2024, 2025 and June 30, 2026, if discount rate increases by 500 bps, the estimated fair value of biological assets would have decreased by 3.8% or RMB174 million, 4.7% or RMB219 million, 4.1% or RMB205 million and 4.0% or RMB204 million, respectively, and if discount rate decreases by 500 bps, the estimated fair value of biological assets would have increased by 4.4% or RMB205 million, 5.6% or RMB259 million, 4.8% or RMB241 million and 4.7% or RMB239 million, respectively.

Stock Take and Internal Control

We have established a standard internal protocol in relation to stock taking for all our dairy farms, which include scheduled and ad hoc stock take, so as to ensure the physical existence and accuracy of data and information of our biological assets. We perform a full stock take for each of our dairy farms on a monthly basis to collect the information such as headcount, gender and age-grouping, health and breeding status, milking process, and milk quality monitoring, which are accurately reflected in our farm management system. We also submit a monthly stock-take report to our financial department. Production personnel are responsible for the stock take process, and financial personnel supervise and review the data.

We have formulated a comprehensive policy for biological asset management, which covers the relevant accounting policies, transferring among age groups, purchase and disposal of biological assets, breeding, record keeping and stock take. For our dairy farms, the quantities of livestock entering the premises and that of livestock leaving are recorded electronically in our farm management system by our production personnel, which are reviewed by financial department at our headquarters.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of market and other financial risks, including market risk, credit risk, and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. See Note (IX) 1 to the Accountants' Report included in Appendix I to this Document for more information. The discussion below provides a summary of our market and other financial risks.

Market Risk

Currency Risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. Our principal activities are denominated and settled in RMB. Currency risk arising from the assets and liabilities denominated in foreign currencies may have an impact on our performance.

Interest Rate Risk

Risk of Changes in Cash Flows

Our cash flow interest rate risk of financial instruments relates primarily to variable-rate short-term borrowings and long-term borrowings. As of December 31, 2023, 2024, 2025 and June 30, 2026 our long-term borrowings bearing interest at floating rates and short-term borrowings under revolving credit facilities amounted to RMB6,234.9 million, RMB7,097.1 million, RMB7,808.8 million and RMB8,225.0 million, respectively. We continue to closely monitor the impact of interest rate changes on our interest rate risk.

Risk of Changes in Fair Value

Our risk of changes in fair value of financial instruments due to changes in interest rates relates primarily to fixed-rate financial assets and financial liabilities, including other receivables — third-party loans, long-term receivables, fixed-rate short-term and long-term borrowings, non-current liabilities due within one year, lease liabilities, and long-term payables. Our objective is to maintain an appropriate mix of fixed and floating rate instruments to manage interest rate risk, and to use derivatives such as interest rate swap contracts as appropriate for managing interest rate risk.

Other Price Risk

Our price risk mainly arises from investments in derivative financial instruments and other equity instruments. We reduce the price risk associated with investments in equity instruments by holding diversified equity securities portfolios.

Credit Risk

Our maximum exposure to credit risk which will cause a financial loss to us is due to the failure of counterparties to fulfill their an obligation, including the carrying amount of the financial assets recognized on our balance sheet.

In order to minimize credit risk, we have special personnels for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recovery of financial assets at each balance sheet date to ensure that adequate impairment provisions are provided for relevant financial assets. The credit risk on cash at bank and on hand is limited because it is only deposited with banks with high credit ratings.

As of December 31, 2023, 2024, 2025 and June 30, 2026, details of our accounts receivable from the top five customers and other receivables from the top five debtors are set out in Note (VI) 4 and Note (VI) 6 to the Accountants' Report in Appendix I to this Document, respectively. Apart from these, we have no other significant concentration of credit risk.

Liquidity Risk

In the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

DIVIDENDS

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

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

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

DISTRIBUTABLE RESERVES

As of June 30, 2026, we had RMB1,857.5 million in distributable reserves available for distribution to our Shareholders.

[**REDACTED**]

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information" to this Document for details.

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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 (悦鲜活) 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

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.

(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
		tons in thousand	
Tianchang production facility	2027	137.0	• 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	• 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	• 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.

(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 (悦鮮活) 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

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.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

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[REDACTED]

[**REDACTED**]

[REDACTED]

The following is the text of a report set out on pages I-[1] to I-[318], received from the Company's reporting accountants, [Deloitte Touche Tohmatsu Certified Public Accountants LLP], for the purpose of incorporation in this Document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JUNLEBAO DAIRY GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of Junlebao Dairy Group Co., Ltd. (君樂寶乳業集團股份有限公司) (the "Company") and its subsidiaries (the "Group") set out on pages I-[4] to I-[318]], which comprises the consolidated and the Company's balance sheets as at 31 December 2023, 2024, 2025 and 30 June 2026, the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements and the consolidated and the Company's statements of changes in owners' equity for each of the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2026 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[318]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note II to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2023, 2024, 2025 and 30 June 2026, and of the Group's and the Company's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note II to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group and the Company which comprises the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements and the consolidated and the Company's statements of changes in owners' equity for the six months ended June 30, 2025 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note II to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with the Chinese Certified Public Accountants Review Standards No. 2101 "Review of Financial Statements" issued by Chinese Institute of Certified Public Accountants. This standard requires us to plan and perform the review procedures to obtain limited assurance as to whether the financial statements contain material misstatements. A review primarily consists of making inquiries of relevant personnel of the Company and applying analytical procedures to financial data, and provides a lower level of assurance than an audit. We did not perform an audit; therefore, we do not express an audit opinion. Based on our review, nothing

has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note II to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note (VI)40 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu Certified Public Accountants LLP]
Shanghai, China
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period (the "Underlying Financial Statements"), on which the Historical Financial Information is based, have been prepared in accordance with the requirements of all applicable China Accounting Standards for Business Enterprises (the "CASBE") issued by the Ministry of Finance (the "MOF") of the People's Republic of China (the "PRC") and were audited by us in accordance with China Standards on Auditing for Certified Public Accountants.

The Historical Financial Information is presented in Renminbi ("RMB") except when otherwise indicated.

The official names of the entities mentioned in the Historical Financial Information are in Chinese, the English translation is for identification purpose only, except when otherwise indicated.

Consolidated Balance Sheet

(Expressed in RMB Yuan)

Items	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Current Assets:					
Cash at bank and on hand	*(VI) 1*	1,488,990,024.56	1,584,606,349.05	1,306,115,827.52	1,311,487,021.57
Derivative financial assets	*(VI) 2*	24,827,144.58	–	–	–
Bills receivable	*(VI) 3*	2,582,320.00	2,400,000.00	1,774,456.00	2,400,000.00
Accounts receivable	*(VI) 4*	978,794,377.31	868,967,391.19	992,638,364.95	981,142,552.08
Accounts receivable financing		418,649.20	–	461,235.48	11,671,573.90
Prepayments	*(VI) 5*	186,329,831.56	193,087,279.97	174,122,388.38	226,602,891.41
Other receivables	*(VI) 6*	125,218,586.84	189,790,862.46	234,752,151.15	245,242,541.00
Inventories	*(VI) 7*	3,325,366,344.04	3,270,288,599.37	2,696,270,611.71	1,584,358,721.07
Non-current assets due within one year	*(VI) 9*	3,377,521.41	44,287,041.57	22,195,261.38	14,676,368.67
Other current assets	*(VI) 8*	221,950,352.37	251,225,623.07	308,683,557.02	306,971,702.61
Total Current Assets		**6,357,855,151.87**	**6,404,653,146.68**	**5,737,013,853.59**	**4,684,553,372.31**
Non-current Assets:					
Long-term receivables	*(VI) 9*	108,101,211.36	80,846,247.29	102,589,899.18	94,016,203.64
Long-term equity investments	*(VI) 10*	339,653,620.43	647,026,164.60	700,670,226.58	741,006,451.05
Investments in other equity instruments	*(VI) 11*	87,249,750.00	94,649,750.00	94,649,750.00	85,459,750.00
Fixed assets	*(VI) 12*	8,127,524,871.43	7,993,463,428.14	7,751,241,179.60	8,485,393,093.56
Construction in progress	*(VI) 13*	530,338,998.39	363,436,331.39	447,246,338.34	235,379,552.84
Productive biological assets	*(VI) 14*	4,758,410,112.90	4,796,337,773.94	5,007,827,507.56	5,051,852,392.43
Right-of-use assets	*(VI) 15*	558,822,228.20	500,556,681.83	487,251,141.37	469,466,516.11
Intangible assets	*(VI) 16*	1,313,992,029.90	1,301,982,909.36	1,344,755,585.58	1,322,828,171.45
Goodwill	*(VI) 17*	730,059,832.83	500,393,465.70	500,393,465.70	500,393,465.70
Long-term deferred expenses	*(VI) 18*	42,725,568.23	48,414,914.64	34,957,044.19	39,279,818.53
Deferred tax assets	*(VI) 19*	788,231,074.34	595,179,776.20	563,417,955.72	543,467,842.03
Other non-current assets	*(VI) 20*	154,769,375.81	122,665,395.28	165,199,311.34	253,029,309.32
Total Non-current Assets		**17,539,878,673.82**	**17,044,952,838.37**	**17,200,199,405.16**	**17,821,572,566.66**
TOTAL ASSETS		**23,897,733,825.69**	**23,449,605,985.05**	**22,937,213,258.75**	**22,506,125,938.97**

The accompanying notes form part of the Historical Financial Information.

(Expressed in RMB Yuan)

Items	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Current Liabilities:					
Short-term borrowings	*(VI) 22*	1,939,949,138.36	2,241,124,707.71	1,788,691,106.88	2,207,290,973.64
Bills payable	*(VI) 23*	277,266,483.87	359,124,802.69	215,239,143.74	2,389,929.27
Accounts payable	*(VI) 24*	2,561,563,218.03	2,644,091,191.26	3,093,064,532.79	2,240,377,439.01
Contract liabilities	*(VI) 25*	1,963,202,034.91	1,928,398,088.58	1,175,951,284.32	1,048,966,587.41
Employee benefits payable	*(VI) 26*	254,042,131.41	272,573,768.74	250,398,767.32	199,375,542.03
Taxes payable	*(VI) 27*	76,628,121.13	101,747,310.62	210,099,439.67	91,106,745.11
Other payables	*(VI) 28*	2,167,673,128.50	1,543,445,020.79	1,504,816,148.90	1,474,617,540.53
Non-current liabilities due within one year	*(VI) 29*	1,430,563,660.80	2,397,695,213.89	1,319,552,512.37	917,378,869.45
Other current liabilities	*(VI) 30*	248,431,135.28	192,672,673.10	170,996,764.25	161,656,390.85
Total Current Liabilities		**10,919,319,052.29**	**11,680,872,777.38**	**9,728,809,700.24**	**8,343,160,017.30**
Non-current Liabilities:					
Long-term borrowings	*(VI) 31*	6,525,486,751.02	5,116,350,920.85	7,184,788,423.71	7,437,782,432.66
Lease liabilities	*(VI) 32*	387,571,753.80	336,820,895.13	332,935,189.93	319,545,249.96
Long-term payables	*(VI) 33*	167,951,262.20	109,949,480.86	76,883,070.10	78,334,918.90
Provisions	*(VI) 34*	19,652,183.47	22,145,430.50	22,961,494.92	23,516,345.33
Deferred income	*(VI) 35*	1,064,729,914.06	1,020,867,698.77	941,768,318.47	869,965,495.51
Deferred tax liabilities	*(VI) 19*	145,748,078.12	138,617,792.00	132,971,584.70	160,393,122.59
Total Non-current Liabilities		8,311,139,942.67	6,744,752,218.11	8,692,308,081.83	8,889,537,564.95
TOTAL LIABILITIES		19,230,458,994.96	18,425,624,995.49	18,421,117,782.07	17,232,697,582.25
OWNERS' EQUITY:					
Share capital	*(VI) 36*	720,000,000.00	720,000,000.00	720,000,000.00	720,000,000.00
Capital reserve	*(VI) 37*	1,107,124,297.05	1,095,631,588.63	1,138,224,822.85	1,162,424,730.58
Other comprehensive income	*(VI) 38*	–	5,550,000.00	5,550,115.66	5,158,383.16
Surplus reserve	*(VI) 39*	–	81,532,790.99	257,830,377.42	257,830,377.42
Retained earnings	*(VI) 40*	1,484,760,520.77	2,058,211,480.84	1,197,720,415.60	1,857,495,424.08
Total equity attributable to owners of the Company		**3,311,884,817.82**	**3,960,925,860.46**	**3,319,325,731.53**	**4,002,908,915.24**
Non-controlling interests		1,355,390,012.91	1,063,055,129.10	1,196,769,745.15	1,270,519,441.48
TOTAL OWNERS' EQUITY		**4,667,274,830.73**	**5,023,980,989.56**	**4,516,095,476.68**	**5,273,428,356.72**
TOTAL LIABILITIES AND OWNERS' EQUITY		**23,897,733,825.69**	**23,449,605,985.05**	**22,937,213,258.75**	**22,506,125,938.97**

The accompanying notes form part of the Historical Financial Information.

The Company's Balance Sheet

(Expressed in RMB Yuan)

Items	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Current Assets:					
Cash at bank and on hand	*(XVI) 1*	562,096,103.94	631,796,995.28	717,574,158.55	645,979,492.77
Derivative financial assets		24,827,144.58	–	–	–
Bills receivable		1,000,000.00	1,300,000.00	150,000.00	150,000.00
Accounts receivable	*(XVI) 2*	608,366,496.74	682,835,978.82	870,819,042.63	818,227,508.74
Accounts Receivable Financing		–	–	461,235.48	5,022,554.16
Prepayments		38,566,887.16	77,297,991.01	58,641,302.67	93,772,819.07
Other receivables	*(XVI) 3*	1,890,489,690.95	1,967,749,778.31	2,611,630,770.49	977,953,096.00
Inventories	*(XVI) 4*	509,252,261.17	589,317,384.34	575,724,528.42	443,094,963.60
Other current assets		44,864,816.59	21,080,587.37	73,453,044.56	68,559,662.13
Total Current Assets		**3,679,463,401.13**	**3,971,378,715.13**	**4,908,454,082.80**	**3,052,760,096.47**
Non-current Assets:					
Long-term equity investments	*(XVI) 5*	6,446,305,383.04	6,563,723,659.32	6,774,425,363.38	9,518,873,160.18
Investments in other equity instruments		4,059,750.00	4,059,750.00	4,059,750.00	4,059,750.00
Fixed assets	*(XVI) 6*	578,561,153.51	575,818,778.00	527,321,731.00	1,165,764,385.15
Construction in progress		39,557,359.52	37,264,062.64	19,847,843.80	7,971,165.58
Right-of-use assets		15,434,637.60	19,081,614.27	38,750,069.11	35,179,358.91
Intangible assets	*(XVI) 7*	105,238,540.55	131,196,020.33	165,029,540.54	163,809,893.63
Long-term deferred expenses		20,617,395.15	20,460,793.93	13,163,555.60	20,329,638.76
Deferred tax assets	*(XVI) 8*	594,083,679.92	419,345,650.58	417,335,690.82	387,591,023.90
Other non-current assets	*(XVI) 9*	1,262,638,537.83	2,026,625,273.08	2,036,138,719.02	496,358,086.77
Total Non-current Assets		**9,066,496,437.12**	**9,797,575,602.15**	**9,996,072,263.27**	**11,799,936,462.88**
TOTAL ASSETS		**12,745,959,838.25**	**13,768,954,317.28**	**14,904,526,346.07**	**14,852,696,559.35**

The accompanying notes form part of the Historical Financial Information.

(Expressed in RMB Yuan)

Items	Note	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Current Liabilities:					
Short-term borrowings	*(XVI) 10*	290,258,888.89	1,349,934,576.39	640,436,472.21	1,199,699,472.50
Derivative financial liabilities		9,620,000.00	7,500,000.00	7,500,000.00	7,500,000.00
Bills payable	*(XVI) 11*	493,091,320.27	359,124,802.69	684,239,143.74	372,389,929.27
Accounts payable	*(XVI) 12*	1,417,306,143.85	1,724,287,088.56	2,229,803,494.51	2,155,108,988.46
Contract liabilities	*(XVI) 13*	1,155,976,077.60	1,269,793,171.02	1,033,112,648.71	908,233,847.73
Employee benefits payable		125,309,947.32	142,699,789.15	126,125,384.36	88,190,466.02
Taxes payable	*(XVI) 14*	16,899,975.18	8,265,748.87	102,078,641.40	17,332,319.05
Other payables	*(XVI) 15*	1,305,625,784.68	844,173,115.96	1,116,741,866.87	1,136,363,161.26
Non-current liabilities due within one year	*(XVI) 16*	880,310,290.50	1,629,550,671.11	877,185,675.20	527,814,141.01
Other current liabilities		53,811,589.16	55,700,795.32	37,859,967.62	30,482,618.87
Total Current Liabilities		**5,748,210,017.45**	**7,391,029,759.07**	**6,855,083,294.62**	**6,443,114,944.17**
Non-current Liabilities:					
Long-term borrowings	*(XVI) 17*	4,700,367,322.62	3,649,121,941.53	5,342,171,941.53	5,576,421,941.53
Lease liabilities		9,591,486.37	13,807,279.30	19,384,215.86	18,758,601.60
Deferred income	*(XVI) 18*	365,052,876.96	309,851,305.91	280,143,606.90	251,814,310.95
Total Non-current Liabilities		**5,075,011,685.95**	**3,972,780,526.74**	**5,641,699,764.29**	**5,846,994,854.08**
TOTAL LIABILITIES		**10,823,221,703.40**	**11,363,810,285.81**	**12,496,783,058.91**	**12,290,109,798.25**
OWNERS' EQUITY:					
Share capital	*(VI) 36*	720,000,000.00	720,000,000.00	720,000,000.00	720,000,000.00
Capital reserve	*(XVI) 19*	1,345,073,796.10	1,385,246,039.98	1,424,869,431.36	1,449,069,339.09
Surplus reserve	*(VI) 39*	–	81,532,790.99	257,830,377.42	257,830,377.42
(Accumulated losses) Retained earnings		(142,335,661.25)	218,365,200.50	5,043,478.38	135,687,044.59
TOTAL OWNERS' EQUITY		**1,922,738,134.85**	**2,405,144,031.47**	**2,407,743,287.16**	**2,562,586,761.10**
TOTAL LIABILITIES AND OWNERS' EQUITY		**12,745,959,838.25**	**13,768,954,317.28**	**14,904,526,346.07**	**14,852,696,559.35**

The accompanying notes form part of the Historical Financial Information.

Consolidated Income Statement

(Expressed in RMB Yuan)

Items	Note	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
I. Revenue	*(VI) 41*	17,546,175,247.12	19,832,489,657.83	20,382,443,024.00	9,951,209,347.38	10,608,739,706.51
Less: Operating costs	*(VI) 41*	11,542,581,957.56	12,958,709,833.23	13,907,156,643.44	6,646,542,884.28	7,137,889,362.69
Taxes and surcharges	*(VI) 42*	140,102,284.84	151,933,204.29	151,772,166.57	78,322,383.34	75,339,165.22
Selling and distribution expenses	*(VI) 43*	3,600,983,529.82	3,377,110,736.70	3,366,682,827.34	1,637,970,174.04	1,714,387,687.65
General and administrative expenses	*(VI) 44*	853,297,450.29	856,308,756.05	897,197,543.13	438,054,823.69	429,777,906.70
Research and development expenses	*(VI) 45*	106,003,481.11	98,746,650.10	91,580,526.57	44,150,659.71	41,638,317.60
Financial expenses	*(VI) 46*	928,526,827.20	401,631,997.89	268,009,532.66	135,690,530.48	139,470,013.48
Including: Interest expenses		940,418,596.57	404,835,162.36	277,149,036.14	141,462,928.64	139,302,196.82
Interest income		29,503,523.57	12,220,223.22	9,671,233.07	5,230,730.34	2,074,589.98
Add: Investment income	*(VI) 47*	31,014,110.21	12,475,150.50	79,961,167.84	43,368,398.23	41,947,138.30
Including: Investment (losses) gains from investment in associates and joint ventures		(8,041,648.52)	(3,612,550.45)	76,754,891.85	42,151,282.86	41,946,602.25
Other income	*(VI) 48*	235,351,894.56	222,385,670.11	239,955,441.17	103,601,969.74	100,789,222.10
Losses from changes in fair values	*(VI) 49*	(318,144.12)	(15,146,280.26)	–	–	–
Credit impairment (losses) reversal	*(VI) 50*	(41,583,987.80)	19,173,398.57	(19,038,645.88)	(2,345,506.87)	(14,362,327.21)
Asset impairment losses	*(VI) 51*	(253,132,439.79)	(435,142,383.92)	(180,836,074.40)	(105,782,610.26)	(108,214,789.14)
Losses from asset disposals	*(VI) 52*	(205,364,048.77)	(397,170,129.60)	(454,170,855.52)	(274,597,610.70)	(264,532,448.32)
II. Operating profit		**140,647,100.59**	**1,394,623,904.97**	**1,365,914,817.50**	**734,722,531.98**	**825,864,048.90**
Add: Non-operating income	*(VI) 53*	41,525,515.70	52,954,144.88	37,427,411.37	19,308,501.23	31,023,808.01
Less: Non-operating expenses	*(VI) 54*	36,141,427.28	22,005,302.85	15,909,146.02	7,800,695.57	14,119,056.58
III. Profit before income tax		**146,031,189.01**	**1,425,572,747.00**	**1,387,433,082.85**	**746,230,337.64**	**842,768,800.33**
Less: Income tax expenses	*(VI) 55*	140,451,142.72	311,055,569.28	190,761,325.45	111,188,366.20	135,439,007.96
IV. Net profit		**5,580,046.29**	**1,114,517,177.72**	**1,196,671,757.40**	**635,041,971.44**	**707,329,792.37**
(I) Net profit classified by business continuity:						
1. Net profit from continuing operations		**5,580,046.29**	**1,114,517,177.72**	**1,196,671,757.40**	**635,041,971.44**	**707,329,792.37**
2. Net profit from discontinued operations		–	–	–	–	–
(II) Net profit classified by ownership:						
1. Net (loss) profit attributable to owners of the Company		(21,441,711.81)	1,017,483,751.06	1,115,806,521.19	595,439,054.97	654,414,168.48
2. Net profit or loss attributable to non-controlling interests		27,021,758.10	97,033,426.66	80,865,236.21	39,602,916.47	52,915,623.89

Items	Note	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
V. Other comprehensive (loss) income, net of tax	(VI) 38	(1,755,000.00)	5,550,000.00	115.66	–	4,969,107.50
Other comprehensive (loss) income attributable to owners of the Company, net of tax		(1,755,000.00)	5,550,000.00	115.66	–	4,969,107.50
(I) Other comprehensive (loss) income that cannot be reclassified to profit or loss:						
1. Changes in fair values of investments in other equity instruments		(1,755,000.00)	5,550,000.00	–	–	5,360,840.00
(II) Other Comprehensive Income (Loss) That May Be Reclassified to Profit or Loss						
1. Foreign Currency Translation Adjustment		–	–	115.66	–	(391,732.50)
VI. Total comprehensive income		3,825,046.29	1,120,067,177.72	1,196,671,873.06	635,041,971.44	712,298,899.87
Total comprehensive (loss) income attributable to owners of the Company		(23,196,711.81)	1,023,033,751.06	1,115,806,636.85	595,439,054.97	659,383,275.98
Total comprehensive income attributable to non-controlling interests		27,021,758.10	97,033,426.66	80,865,236.21	39,602,916.47	52,915,623.89
VII. (Losses) earnings per share:	(VI) 58					
(I) Basic (losses) earnings per share (RMB Yuan/share)		(0.03)	1.41	1.55	0.83	0.91
(II) Diluted (losses) earnings per share (RMB Yuan/share)		(0.03)	1.41	1.55	0.83	0.91

The accompanying notes form part of the Historical Financial Information.

The Company's Income Statement

(Expressed in RMB Yuan)

Items	Note	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
I. Revenue	*(XVI) 20*	14,850,263,992.33	16,428,795,788.27	16,675,121,838.03	8,193,824,673.09	8,779,898,183.29
Less: Operating costs	*(XVI) 20*	10,586,744,043.54	12,036,108,565.31	12,872,633,067.96	6,211,427,396.35	6,760,680,290.10
Taxes and surcharges		66,576,102.85	71,188,227.04	69,580,517.17	37,955,398.35	31,932,261.31
Selling and distribution expenses	*(XVI) 21*	3,170,552,355.48	2,842,035,539.20	2,914,241,800.05	1,426,148,741.30	1,462,580,697.75
General and administrative expenses	*(XVI) 22*	361,674,344.15	366,009,311.34	420,778,846.59	201,479,448.55	216,048,703.63
Research and development expenses		99,182,581.96	88,138,045.53	82,933,879.20	39,321,123.89	38,138,445.29
Financial expenses	*(XVI) 23*	747,410,598.13	230,066,109.57	145,931,150.06	72,226,773.98	84,224,928.12
Including: Interest expenses		794,069,693.76	250,450,912.66	175,659,616.02	87,850,356.30	93,056,547.07
Interest income		62,923,648.61	28,588,356.29	29,744,828.26	14,853,539.18	9,847,434.25
Add: Investment income	*(XVI) 24*	568,602,451.94	285,549,353.23	1,746,792,739.49	260,069.24	111,425.34
Including: Investment (losses) gains from investment in associates and joint ventures		(2,614,343.32)	(61,956.17)	(76,280.15)	(60,766.27)	111,425.34
Other income	*(XVI) 25*	88,642,902.45	87,273,521.15	88,112,813.87	39,884,118.07	42,678,430.30
Losses from changes in fair values		(365,629.32)	(15,146,280.26)	–	–	–
Credit impairment (losses) gains		(13,666,020.34)	(2,541,981.51)	(12,500,005.41)	1,623,173.30	60,448,231.73
Asset impairment losses	*(XVI) 26*	(182,998,897.78)	(194,384,782.92)	(224,886,199.43)	(138,592,391.25)	(129,179,801.39)
(Losses) gains from asset disposals		(178,390.15)	(282,392.76)	(991,565.15)	164,684.22	–
II. Operating profit		**278,160,383.02**	**955,717,427.21**	**1,765,550,360.37**	**108,605,444.25**	**160,351,143.07**
Add: Non-operating income		15,062,656.31	23,239,245.84	8,289,889.44	2,777,245.55	15,882,991.14
Less: Non-operating expenses		14,782,730.56	4,555,711.17	8,560,211.22	4,501,145.09	4,741,451.17
III. Profit before income tax		**278,440,308.77**	**974,400,961.88**	**1,765,280,038.59**	**106,881,544.71**	**171,492,683.04**
Less: Income tax expenses	*(XVI) 27*	47,924,497.75	169,667,309.14	2,304,174.28	24,666,876.22	40,849,116.83
IV. Net profit		**230,515,811.02**	**804,733,652.74**	**1,762,975,864.31**	**82,214,668.49**	**130,643,566.21**
(I) Net profit from continuing operations		230,515,811.02	804,733,652.74	1,762,975,864.31	82,214,668.49	130,643,566.21
(II) Net profit from discontinued operations		–	–	–	–	–
V. Other comprehensive loss, net of tax		(1,755,000.00)	–	–	–	–
(I) Other comprehensive loss that cannot be reclassified to profit or loss:						
1. Changes in fair values of investments in other equity instruments		(1,755,000.00)	–	–	–	–
VI. Total comprehensive income		228,760,811.02	804,733,652.74	1,762,975,864.31	82,214,668.49	130,643,566.21

The accompanying notes form part of the Historical Financial Information.

Consolidated Cash Flow Statement

(Expressed in RMB Yuan)

Items	Note	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
I. Cash Flows from Operating Activities:						
Proceeds from sale of goods and rendering of services		20,535,073,123.87	23,482,995,799.60	23,374,241,320.94	11,155,767,613.91	12,587,341,995.85
Refund of taxes		24,187,205.04	36,524,608.45	16,378,130.02	9,332,412.31	43,065,459.10
Proceeds from other operating activities	*(VI) 56*	1,170,670,598.93	1,289,181,109.68	1,141,584,273.12	579,947,740.97	413,821,924.18
Subtotal of cash inflows from operating activities		**21,729,930,927.84**	**24,808,701,517.73**	**24,532,203,724.08**	**11,745,047,767.19**	**13,044,229,379.13**
Payments for goods and services		13,266,197,608.46	14,156,171,472.96	14,491,785,917.55	7,930,357,464.12	8,917,331,525.08
Payments to and for employees		1,972,139,662.72	2,307,997,282.29	2,462,392,592.86	1,275,532,910.82	1,276,477,846.77
Payments of various taxes		916,348,619.51	956,112,835.33	1,023,235,449.02	542,136,889.09	572,995,226.79
Payments for other operating activities	*(VI) 56*	3,552,234,300.14	3,857,891,922.66	3,160,858,766.78	1,462,631,265.81	1,500,674,993.23
Subtotal of cash outflows from operating activities		**19,706,920,190.83**	**21,278,173,513.24**	**21,138,272,726.21**	**11,210,658,529.84**	**12,267,479,591.87**
Net Cash Flow from Operating Activities	**(VI) 57**	**2,023,010,737.01**	**3,530,528,004.49**	**3,393,930,997.87**	**534,389,237.35**	**776,749,787.26**
II. Cash Flows from Investing Activities:						
Proceeds from disposal of investments		653,404,813.41	–	1,151,982.67	1,063,681.50	–
Investment returns received		35,807,588.46	20,449,797.27	27,524,403.00	2,526,017.67	2,228,345.34
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		434,983,939.01	331,797,852.95	393,514,165.05	161,522,190.19	296,273,394.23
Net proceeds (payments) from disposals of subsidiaries	*(VI) 57*	28,861,004.18	(87,643,045.68)	(12,800,789.64)	(27,360,789.64)	–
Proceeds from other investing activities	*(VI) 56*	64,139,608.00	13,134,581.78	16,693,792.04	579,833.81	3,619,633.18
Subtotal of cash inflows from investing activities		**1,217,196,953.06**	**277,739,186.32**	**426,083,553.12**	**138,330,933.53**	**302,121,372.75**
Payments for acquisition of fixed assets, intangible assets and other long-term assets		3,285,230,089.01	2,556,646,339.16	2,561,566,831.62	758,879,630.41	1,126,416,850.75
Payments for investments		956,837,700.00	44,023,666.66	27,471.30	27,471.30	400,000.00
Net payments for acquisitions of subsidiaries	*(VI) 57*	654,932,748.55	–	–	–	–
Payments for other investing activities	*(VI) 56*	80,351,000.00	10,405,000.00	–	–	–
Subtotal of cash outflows from investing activities		**4,977,351,537.56**	**2,611,075,005.82**	**2,561,594,302.92**	**758,907,101.71**	**1,126,816,850.75**
Net Cash Flow from Investing Activities		**(3,760,154,584.50)**	**(2,333,335,819.50)**	**(2,135,510,749.80)**	**(620,576,168.18)**	**(824,695,478.00)**

Items	Note	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
III. Cash Flows from Financing Activities:						
Proceeds from investors		93,636,370.14	19,088,957.45	126,300,000.00	110,760,000.00	24,127,287.00
Including: Proceeds from non-controlling shareholders of subsidiaries		92,392,052.14	19,088,957.45	126,300,000.00	110,760,000.00	24,127,287.00
Proceeds from borrowings		6,975,330,103.03	5,670,999,691.81	6,273,515,071.03	2,698,535,619.76	2,301,764,454.36
Proceeds from other financing activities	*(VI) 56*	13,603,238.19	17,200,000.00	–	–	–
Subtotal of cash inflows from financing activities		**7,082,569,711.36**	**5,707,288,649.26**	**6,399,815,071.03**	**2,809,295,619.76**	**2,325,891,741.36**
Repayments of borrowings		4,479,963,705.88	5,625,194,548.89	5,660,231,833.15	3,238,220,659.40	2,034,408,979.99
Payments for dividends, profit distributions or interests		674,833,381.93	951,590,895.25	2,007,666,180.85	126,282,597.85	206,064,560.79
Payments for other financing activities	*(VI) 56*	386,751,621.49	204,741,826.51	200,104,095.84	113,851,715.21	39,713,415.20
Subtotal of cash outflows from financing activities		**5,541,548,709.30**	**6,781,527,270.65**	**7,868,002,109.84**	**3,478,354,972.46**	**2,280,186,955.98**
Net Cash Flow from Financing Activities		**1,541,021,002.06**	**(1,074,238,621.39)**	**(1,468,187,038.81)**	**(669,059,352.70)**	**45,704,785.38**
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**19,632.53**	**(29,692.00)**	**(141,488.31)**	**(118,292.81)**	**(377,382.87)**
V. Net (Decrease)/Increase in Cash and Cash Equivalents	**(VI) 57**	**(196,103,212.90)**	**122,923,871.60**	**(209,908,279.05)**	**(755,364,576.34)**	**(2,618,288.23)**
Add: Cash and cash equivalents at the beginning of the year/period	*(VI) 57*	1,550,566,622.74	1,354,463,409.84	1,477,387,281.44	1,477,387,281.44	1,267,479,002.39
VI. Cash and Cash Equivalents at the end of the year/period	**(VI) 57**	**1,354,463,409.84**	**1,477,387,281.44**	**1,267,479,002.39**	**722,022,705.10**	**1,264,860,714.16**

The accompanying notes form part of the Historical Financial Information.

The Company's Cash Flow Statement

(Expressed in RMB Yuan)

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
I. Cash Flows from Operating Activities:					
Proceeds from sale of goods and rendering of services	15,940,168,169.39	18,441,058,718.73	18,306,362,412.76	8,887,665,252.31	9,777,885,062.86
Refund of taxes	–	13,435,050.59	–	–	36,532,801.04
Proceeds from other operating activities	836,602,272.37	843,735,696.27	645,506,864.83	420,036,370.93	255,289,248.62
Subtotal of cash inflows from operating activities	**16,776,770,441.76**	**19,298,229,465.59**	**18,951,869,277.59**	**9,307,701,623.24**	**10,069,707,112.52**
Payments for goods and services	12,063,657,767.22	13,637,046,031.72	13,894,571,200.26	6,768,049,125.83	8,076,089,313.45
Payments to and for employees	955,902,726.53	1,002,918,651.38	1,064,272,447.38	556,561,519.75	564,719,440.53
Payments of various taxes	559,873,159.65	601,660,252.27	530,026,515.01	292,293,777.89	272,323,979.72
Payments for other operating activities	3,005,148,560.85	3,352,291,114.96	2,750,424,241.56	1,282,929,027.63	1,350,423,071.16
Subtotal of cash outflows from operating activities	**16,584,582,214.25**	**18,593,916,050.33**	**18,239,294,404.21**	**8,899,833,451.10**	**10,263,555,804.86**
Net Cash Flow from Operating Activities	**192,188,227.51**	**704,313,415.26**	**712,574,873.38**	**407,868,172.14**	**(193,848,692.34)**
II. Cash Flows from Investing Activities:					
Proceeds from disposal of investments	651,969,713.38	2,000,000.00	1,063,681.50	1,063,681.50	–
Investment returns received	116,410,534.44	786,499,847.13	935,593,835.34	16,578,569.39	900,192,568.58
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	7,477,762.37	7,772,085.49	22,036,356.96	19,707,524.63	1,882,493.90
Proceeds from other investing activities	44,000,000.00	147,500,000.00	590,572,180.15	33,000,000.00	2,068,830,869.19
Subtotal of cash inflows from investing activities	**819,858,010.19**	**943,771,932.62**	**1,549,266,053.95**	**70,349,775.52**	**2,970,905,931.67**
Payments for acquisition of fixed assets, intangible assets and other long-term assets	95,407,963.11	126,734,605.90	97,201,084.79	62,220,007.31	128,172,832.96
Payments for investments	2,150,602,288.44	165,631,907.00	198,212,500.00	137,266,181.50	2,737,000,000.00
Payments for other investing activities	534,990,570.97	1,360,171,291.44	341,502,838.00	129,460,242.29	262,271,204.40

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Subtotal of cash outflows from investing activities	**2,781,000,822.52**	**1,652,537,804.34**	**636,916,422.79**	**328,946,431.10**	**3,127,444,037.36**
Net Cash Flow from Investing Activities	**(1,961,142,812.33)**	**(708,765,871.72)**	**912,349,631.16**	**(258,596,655.58)**	**(156,538,105.69)**
III. Cash Flows from Financing Activities:					
Proceeds from investors	1,244,318.00	–	–	–	–
Proceeds from borrowings	4,260,171,941.53	3,626,000,000.00	4,035,000,000.00	2,005,000,000.00	1,600,000,000.00
Proceeds from other financing activities	6,603,238.19	249,922,270.45	782,893,000.00	171,000,000.00	753,066,962.01
Subtotal of cash inflows from financing activities	**4,268,019,497.72**	**3,875,922,270.45**	**4,817,893,000.00**	**2,176,000,000.00**	**2,353,066,962.01**
Repayments of borrowings	2,637,003,374.41	2,872,659,504.31	3,808,020,000.00	2,322,844,386.03	1,155,700,000.00
Payments for dividends, profit distributions or interests	547,817,494.04	799,534,408.11	1,912,274,134.73	82,551,818.96	153,280,946.77
Payments for other financing activities	83,937,982.78	125,544,058.79	570,484,653.49	96,620,528.08	773,310,365.56
Subtotal of cash outflows from financing activities	**3,268,758,851.23**	**3,797,737,971.21**	**6,290,778,788.22**	**2,502,016,733.07**	**2,082,291,312.33**
Net Cash Flow from Financing Activities	**999,260,646.49**	**78,184,299.24**	**(1,472,885,788.22)**	**(326,016,733.07)**	**270,775,649.68**
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**19,632.53**	**(29,692.00)**	**(141,603.96)**	**(118,292.81)**	**(314,142.39)**
V. Net (Decrease)/Increase in Cash and Cash Equivalents	**(769,674,305.80)**	**73,702,150.78**	**151,897,112.36**	**(176,863,509.32)**	**(79,925,290.74)**
Add: Cash and cash equivalents at the beginning of the year/period	1,230,813,945.83	461,139,640.03	534,841,790.81	534,841,790.81	686,738,903.17
VI. Cash and Cash Equivalents at the end of the year/period	**461,139,640.03**	**534,841,790.81**	**686,738,903.17**	**357,978,281.49**	**606,813,612.43**

The accompanying notes form part of the Historical Financial Information.

Consolidated Statement of Changes in Owners' Equity

(Expressed in RMB Yuan)

	2023						
	Equity attributable to owners of the Company						
Items	Share capital/ Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
I. As at 1 January 2023	60,971,592.00	(2,563,816,194.05)	349,000.00	46,029,053.53	617,212,752.58	889,759,376.28	(949,494,419.66)
II. Changes in equity during the year							
(I) Total comprehensive (loss) income	–	–	(1,755,000.00)	–	(21,441,711.81)	27,021,758.10	3,825,046.29
(II) Shareholders' contributions and reduction in capital							
1. Shareholders' contributions in capital	1,244,318.00	–	–	–	–	92,392,052.14	93,636,370.14
2. Recognition of equity-settled share-based payments *(Note (XII)2)*	–	41,828,229.62	–	–	–	–	41,828,229.62
3. Others *(Note (VIII) 2)*	–	(99,795,299.05)	–	–	–	(78,790,252.53)	(178,585,551.58)
(III) Increase in acquisition of subsidiaries	–	–	–	–	–	425,007,078.92	425,007,078.92
(IV) Cancellation of the shareholders' special rights *(Note (VI) 37)*	–	5,896,058,077.00	–	–	–	–	5,896,058,077.00
(V) Transfers within owners' equity							
1. Other comprehensive income transferred to retained earnings	–	–	1,406,000.00	–	(1,406,000.00)	–	–
2. The restructuring of the Company in its entirety into a joint stock limited company	657,784,090.00	(2,032,150,516.47)	–	(46,029,053.53)	1,420,395,480.00	–	–
(VI) Profit distribution							
1. Distribution to shareholders	–	–	–	–	(530,000,000.00)	–	(530,000,000.00)
(VII) Others *(Note (VI) 37)*	–	(135,000,000.00)	–	–	–	–	(135,000,000.00)
III. As at 31 December 2023	720,000,000.00	1,107,124,297.05	–	–	1,484,760,520.77	1,355,390,012.91	4,667,274,830.73

(Expressed in RMB Yuan)

	2024						
	Equity attributable to owners of the Company						
Items	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
I. As at 1 January 2024	720,000,000.00	1,107,124,297.05	–	–	1,484,760,520.77	1,355,390,012.91	4,667,274,830.73
II. Changes in equity during the year							
(I) Total comprehensive income	–	–	5,550,000.00	–	1,017,483,751.06	97,033,426.66	1,120,067,177.72
(II) Shareholders' contributions and reduction in capital							
1. Shareholders' contributions in capital	–	–	–	–	–	19,088,957.45	19,088,957.45
2. Recognition of equity-settled share-based payments *(Note (XII)2)*	–	40,172,243.88	–	–	–	–	40,172,243.88
3. Others *(Note (VIII) 2)*	–	(51,664,952.30)	–	–	–	(31,235,854.70)	(82,900,807.00)
(III) Profit distribution							
1. Distribution to shareholders	–	–	–	–	(362,500,000.00)	(8,788,043.44)	(371,288,043.44)
2. Appropriation for surplus reserve	–	–	–	81,532,790.99	(81,532,790.99)	–	–
(IV) Disposal of subsidiaries *(Note (VII) 2)*	–	–	–	–	–	(368,433,369.78)	(368,433,369.78)
III. As at 31 December 2024	720,000,000.00	1,095,631,588.63	5,550,000.00	81,532,790.99	2,058,211,480.84	1,063,055,129.10	5,023,980,989.56

(Expressed in RMB Yuan)

	2025						
	Equity attributable to owners of the Company						
Items	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
I. As at 1 January 2025	720,000,000.00	1,095,631,588.63	5,550,000.00	81,532,790.99	2,058,211,480.84	1,063,055,129.10	5,023,980,989.56
II. Changes in equity during the year							
(I) Total comprehensive income	–	–	115.66	–	1,115,806,521.19	80,865,236.21	1,196,671,873.06
(II) Shareholders' contributions and reduction in capital							
1. Shareholders' contributions in capital	–	2,367,859.82	–	–	–	123,932,140.18	126,300,000.00
2. Recognition of equity-settled share-based payments *(Note (XII)2)*	–	39,623,391.38	–	–	–	–	39,623,391.38
3. Others *(Note (VI) 10, Note (VIII) 2)*	–	601,983.02	–	–	–	(9,620,883.02)	(9,018,900.00)
(III) Profit distribution							
1. Distribution to shareholders	–	–	–	–	(1,800,000,000.00)	(13,356,037.40)	(1,813,356,037.40)
2. Appropriation for surplus reserve	–	–	–	176,297,586.43	(176,297,586.43)	–	–
(IV) Disposal of subsidiaries *(Note (VII) 2)*	–	–	–	–	–	(48,105,839.92)	(48,105,839.92)
III. As at 31 December 2025	720,000,000.00	1,138,224,822.85	5,550,115.66	257,830,377.42	1,197,720,415.60	1,196,769,745.15	4,516,095,476.68

(Expressed in RMB Yuan)

	Six months ended 30 June 2025 (Unaudited)						
	Equity attributable to owners of the Company						
Items	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
I. As at 1 January 2025	720,000,000.00	1,095,631,588.63	5,550,000.00	81,532,790.99	2,058,211,480.84	1,063,055,129.10	5,023,980,989.56
II. Changes in equity during the period							
(I) Total comprehensive income	–	–	–	–	595,439,054.97	39,602,916.47	635,041,971.44
(II) Shareholders' contributions and reduction in capital							
1. Shareholders' contributions in capital	–	2,367,859.82	–	–	–	108,392,140.18	110,760,000.00
2. Recognition of equity- settled share-based payments *(Note (XII) 2)*	–	21,419,018.47	–	–	–	–	21,419,018.47
3. Others *(Note (VIII) 2)*	–	1,151,983.02	–	–	–	(9,620,883.02)	(8,468,900.00)
(III) Profit distribution							
1. Distribution to shareholders	–	–	–	–	–	(829,400.00)	(829,400.00)
(IV) Disposal of subsidiaries *(Note (VII) 2)*	–	–	–	–	–	(48,105,839.92)	(48,105,839.92)
III. As at 30 June 2025	720,000,000.00	1,120,570,449.94	5,550,000.00	81,532,790.99	2,653,650,535.81	1,152,494,062.81	5,733,797,839.55

(Expressed in RMB Yuan)

	Six months ended 30 June 2026						
	Equity attributable to owners of the Company						
Items	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
I. As at 1 January 2026	720,000,000.00	1,138,224,822.85	5,550,115.66	257,830,377.42	1,197,720,415.60	1,196,769,745.15	4,516,095,476.68
II. Changes in equity during the period							
(I) Total comprehensive income	–	–	4,969,107.50	–	654,414,168.48	52,915,623.89	712,298,899.87
(II) Shareholders' contributions and reduction in capital							
1. Shareholders' contributions in capital	–	–	–	–	–	24,127,287.00	24,127,287.00
2. Recognition of equity- settled share-based payments *(Note (XII) 2)*	–	24,199,907.73	–	–	–	–	24,199,907.73
(III) Profit distribution							
1. Distribution to shareholders	–	–	–	–	–	(3,293,214.56)	(3,293,214.56)
(IV) Transfers within equity							
1. Transfer of other comprehensive income to retained earnings *(Note (VI) 11)*	–	–	(5,360,840.00)	–	5,360,840.00	–	–
III. As at 30 June 2026	720,000,000.00	1,162,424,730.58	5,158,383.16	257,830,377.42	1,857,495,424.08	1,270,519,441.48	5,273,428,356.72

The accompanying notes form part of the Historical Financial Information.

The Company's Statement of Changes in Owners' Equity

(Expressed in RMB Yuan)

	2023					
Items	Share capital/Paid-in capital	Capital reserve	Other comprehensive income	Surplus reserve	Accumulated losses	Total owners' equity
I. As at 1 January 2023	60,971,592.00	(2,560,661,994.05)	349,000.00	46,029,053.53	(1,261,840,952.27)	(3,715,153,300.79)
II. Changes in equity during the year						
(I) Total comprehensive (loss) income	–	–	(1,755,000.00)	–	230,515,811.02	228,760,811.02
(II) Shareholders' contributions and reduction in capital						
1. Shareholders' contributions in capital	1,244,318.00	–	–	–	–	1,244,318.00
2. Recognition of equity-settled share-based payments *(Note (XII)2)*	–	41,828,229.62	–	–	–	41,828,229.62
(III) Cancellation of the shareholders' special rights *(Note (VI) 37)*	–	5,896,058,077.00	–	–	–	5,896,058,077.00
(IV) Transfers within owners' equity						
1. Other comprehensive income transferred to retained earnings	–	–	1,406,000.00	–	(1,406,000.00)	–
2. The restructuring of the Company in its entirety into a joint stock limited company	657,784,090.00	(2,032,150,516.47)	–	(46,029,053.53)	1,420,395,480.00	–
(V) Profit distribution						
1. Distribution to shareholders	–	–	–	–	(530,000,000.00)	(530,000,000.00)
III. As at 31 December 2023	720,000,000.00	1,345,073,796.10	–	–	(142,335,661.25)	1,922,738,134.85

(Expressed in RMB Yuan)

	2024					
Items	**Share capital**	**Capital reserve**	**Other comprehensive income**	**Surplus reserve**	**(Accumulated losses) Retained earnings**	**Total owners' equity**
I. As at 1 January 2024	720,000,000.00	1,345,073,796.10	–	–	(142,335,661.25)	1,922,738,134.85
II. Changes in equity during the year						
(I) Total comprehensive income	–	–	–	–	804,733,652.74	804,733,652.74
(II) Shareholders' contributions and reduction in capital						
1. Recognition of equity-settled share-based payments *(Note (XII)2)*	–	40,172,243.88	–	–	–	40,172,243.88
(III) Profit distribution						
1. Distribution to shareholders	–	–	–	–	(362,500,000.00)	(362,500,000.00)
2. Appropriation for surplus reserve	–	–	–	81,532,790.99	(81,532,790.99)	–
III. As at 31 December 2024	720,000,000.00	1,385,246,039.98	–	81,532,790.99	218,365,200.50	2,405,144,031.47

(Expressed in RMB Yuan)

	2025					
Items	**Share capital**	**Capital reserve**	**Other comprehensive income**	**Surplus reserve**	**Retained earnings**	**Total owners' equity**
I. As at 1 January 2025	720,000,000.00	1,385,246,039.98	–	81,532,790.99	218,365,200.50	2,405,144,031.47
II. Changes in equity during the year						
(I) Total comprehensive income	–	–	–	–	1,762,975,864.31	1,762,975,864.31
(II) Shareholders' contributions and reduction in capital						
1. Recognition of equity-settled share-based payments *(Note (XII)2)*	–	39,623,391.38	–	–	–	39,623,391.38
(III) Profit distribution						
1. Distribution to shareholders	–	–	–	–	(1,800,000,000.00)	(1,800,000,000.00)
2. Appropriation for surplus reserve	–	–	–	176,297,586.43	(176,297,586.43)	–
III. As at 31 December 2025	720,000,000.00	1,424,869,431.36	–	257,830,377.42	5,043,478.38	2,407,743,287.16

(Expressed in RMB Yuan)

	Six months ended 30 June 2025 (Unaudited)					
Items	**Share capital**	**Capital reserve**	**Other comprehensive income**	**Surplus reserve**	**Retained earnings**	**Total owners' equity**
I. As at 1 January 2025	720,000,000.00	1,385,246,039.98	–	81,532,790.99	218,365,200.50	2,405,144,031.47
II. Changes in equity during the period						
(I) Total comprehensive income	–	–	–	–	82,214,668.49	82,214,668.49
(II) Shareholders' contributions and reduction in capital						
1. Recognition of equity-settled share-based payments *(Note (XII) 2)*	–	21,419,018.47	–	–	–	21,419,018.47
III. As at 30 June 2025	720,000,000.00	1,406,665,058.45	–	81,532,790.99	300,579,868.99	2,508,777,718.43

(Expressed in RMB Yuan)

	Six months ended 30 June 2026					
Items	**Share capital**	**Capital reserve**	**Other comprehensive income**	**Surplus reserve**	**Retained earnings**	**Total owners' equity**
I. As at 1 January 2026	720,000,000.00	1,424,869,431.36	–	257,830,377.42	5,043,478.38	2,407,743,287.16
II. Changes in equity during the period						
(I) Total comprehensive income	–	–	–	–	130,643,566.21	130,643,566.21
(II) Shareholders' contributions and reduction in capital						
1. Recognition of equity-settled share-based payments *(Note (XII) 2)*	–	24,199,907.73	–	–	–	24,199,907.73
III. As at 30 June 2026	720,000,000.00	1,449,069,339.09	–	257,830,377.42	135,687,044.59	2,562,586,761.10

The accompanying notes form part of the Historical Financial Information.

(I) BASIC INFORMATION

1. Basic information about the Company

Junlebao Dairy Group Co., Ltd. (君樂寶乳業集團股份有限公司) (the "Company") was established on 21 April 2000 in Shijiazhuang City, Hebei Province, PRC, as a limited liability company under the PRC Company Law, with its head office located at Shijiazhuang City, Hebei Province. The Company was formerly known as Shijiazhuang Junlebao Dairy Co., Ltd. (石家莊君樂寶乳業有限公司) and was restructured in its entirety into a joint stock limited company in December 2023.

Following successive equity changes after its establishment, as at 31 December 2020, the Company's registered capital and paid-in capital amounted to RMB52,351,700.00.

On 12 May 2021, the Company convened a shareholders' meeting and adopted a resolution to increase its registered capital from RMB52,351,700.00 to RMB60,439,089.00. The additional registered capital of RMB8,087,389.00 was subscribed at a total price of RMB1,215,000,000.00 by three employee stock ownership platforms, to be specific, Shijiazhuang Lehui Ruisheng Corporate Management Center (Limited Partnership) (石家莊樂慧瑞晟企業管理中心(有限合夥))(formerly Known as Zhuhai Hengqin Lehui Ruisheng Enterprise Management Center (Limited Partnership) (珠海橫琴樂慧瑞晟企業管理中心(有限合夥)) ("Zhuhai Hengqin Lehuiruisheng") subscribed for RMB4,207,240.00 of registered capital, Shijiazhuang Yuehui Xinghong Enterprise Management Center (Limited Partnership) (石家莊悅慧興泓企業管理中心(有限合夥)) (formerly Known as Zhuhai Hengqin Yuehui Xinghong Corporate Management Center (Limited Partnership)) (珠海橫琴悅慧興泓企業管理中心 (有限合夥)) ("Shijiazhuang Yuehui Xinghong") subscribed for RMB2,994,863.00 of registered capital, and Shijiazhuang Yuehui Xinghong I Corporate Management Center (Limited Partnership) (石家莊悅慧興泓壹號企業管理中心(有限合夥)) (formerly Known as Zhuhai Hengqin Yuehui Xinghong No. 1 Enterprise Management Center (Limited Partnership) (珠海橫琴悅慧興泓壹號企業管理中心(有限合夥))("Zhuhai Hengqin Yuehui Xinghong No. 1") subscribed for RMB885,286.00 of registered capital, respectively.

On 6 December 2021, the Company convened a shareholders' meeting and adopted a resolution to increase its registered capital to RMB60,971,592.00. The additional registered capital of RMB532,503.00 was subscribed by Tianjin Bojia Sanbao Equity Investment Fund Partnership (Limited Partnership) (天津博佳三寶股權投資基金合夥企業(有限合夥)) ("Tianjin Bojia Sanbao") at a price of RMB100,000,000.00 in cash.

On 12 August 2023, the Company convened a shareholders' meeting and adopted a resolution to increase its registered capital to RMB62,215,910.00. The additional registered capital of RMB1,244,318.00 was subscribed by Shijiazhuang Zhenlecheng Enterprise Management Center (Limited Partnership) (石家莊臻樂誠企業管理中心(有限合夥)) ("Shijiazhuang Zhenlecheng") at a price of RMB1,244,318.00 in cash.

On 15 December 2023, the Company convened a shareholders' meeting and adopted a resolution to restructure the Company as a joint stock limited company. Based on the audited net assets of the Company held by all promoters as at 31 August 2023, and after deducting the cash dividend resolved to be distributed to all shareholders on 13 September 2023, the remaining net assets were converted into the Company's registered capital (share capital) of RMB720,000,000.00, equivalent to 720,000,000 shares, with a par value of RMB1.00 per share.

The Company and its subsidiaries (the "Group") are principally engaged in the research and development, production and sale of dairy products, dairy farming.

The direct and ultimate controlling party of the Company is Mr. Wei Lihua.

No audited statutory financial statements have been prepared for the Company during the Track Record Period.

(II) BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Basis of preparation

The Historical Financial Information has been prepared in accordance with the requirements of all applicable CASBEs, which are also referred to as China Accounting Standards, issued by the MOF of the PRC. Further details of the significant accounting policies are set out in Note III.

MOF has issued a number of new and revised CASBEs, and interpretations of CASBEs. For the purpose of preparing the Historical Financial Information, the Group has consistently applied all applicable new and revised CASBEs and interpretations, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2026, throughout the Track Record Period.

The Historical Financial Information also complies with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going concern

As at 30 June 2026, the Group had net current liabilities of RMB3,658,606,644.99. In view of such circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern such as the anticipated cash flows from the Group's operating activities and the unutilised bank loan facilities. As at 30 June 2026, the Group's unutilised bank loan facilities amounted to RMB10,543,719,131.48. The directors of the Company are of opinion that the Group is capable of continuously obtaining borrowings within the approved facilities based on the long- term cooperation with banks and the Group will have sufficient working capital to finance its operations and meet its financial obligations within 12 months from 30 June 2026. Therefore, the Historical Financial Information has been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments that are measured at fair value, the Historical Financial Information has been prepared on the historical cost basis. Where assets are impaired, provisions for impairment are made in accordance with relevant requirements.

Under the historical cost convention, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are measured at the amount of proceeds or assets received or the contractual amount for assuming the present obligation, or, at the amount of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair values measured or disclosed in the Historical Financial Information are determined on such a basis.

For financial assets that are initially recognised at fair value based on transaction price and subsequently measured at fair value using valuation techniques involving unobservable inputs, the valuation technique is calibrated in the valuation process to ensure that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than inputs included within Level 1, that are observable for the asset or liability, either directly or indirectly;

- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

The Group has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

2. Operating cycle

The operating cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. The business cycle of the Company is twelve months.

3. Functional currency

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries use RMB as their functional currency. The Company's overseas subsidiary determines its functional currency on the basis of the primary economic environment in which it operates.

4. Determination method and selection basis of materiality criteria

The Group applies the principle of materiality to prepare and present Historical Financial Information. An item is material if it is reasonably expected that the omission or misstatement of the item in the Historical Financial Information would affect the economic decision made by the users of financial statements accordingly. In assessing materiality, the Group makes judgements based on the specific environment in which it operates, in terms of both the nature (whether it is part of the Group's ordinary activities, whether it significantly affects the Group's financial position, results of operations and cash flows, and other factors) and the amount of the item (as a proportion of the Group's key financial indicators, including revenue, operating costs, net profit, total assets, total liabilities and total owners' equity, or the proportion of the amount of the item listed separately in the Historical Financial Information to which it belongs).

5. Accounting treatment of business combination involving or not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business combinations involving enterprises not under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination costs of the combining party shall be the fair value of the assets paid, the liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination involving enterprises not under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred

by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

When the business combination contract provides that, upon the occurrence of one or more future contingencies, the acquirer shall pay an additional or request for recovery of part of the previously paid consideration for the combination, such contingent consideration as set out in the contract shall be recognised as a liability or asset by the Group as a part of the aggregate consideration transferred in the business combination, and be included in the cost of combination at the fair value at the acquisition date. Within twelve months after the acquisition, if the contingent consideration needs to be adjusted as new or further evidence obtained in respect of circumstances existed as of the acquisition date, the amount previously included in the goodwill shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be measured in accordance with relevant provisions such as the *CASBE No. 22 — Recognition and Measurement of Financial Instruments*. Any change or adjustment is included in profit or loss for the current period.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the Historical Financial Information.

6. Determination criteria of control and preparation method of the Historical Financial Information

6.1 Criterion of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the above elements of the definition of control.

6.2 Preparation method of the Historical Financial Information

The scope of consolidation in the Historical Financial Information is determined on the basis of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

For a subsidiary acquired through a business combination involving enterprises not under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

The main accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effects of all intra-group transactions on the Historical Financial Information are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interests and is presented as "non-controlling interests" under owners' equity in the consolidated balance sheet. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented as "profit or loss attributable to non-controlling interests" under "net profit" in the consolidated income statement.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving enterprises not under common control, the acquirer determines if these transactions are considered to be a "package deal": if it belongs to a "package deal", transactions will be dealt as transactions to acquire control. If it does not belong to a "package deal", transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be revalued, and the difference between fair value and carrying amount will be recognised in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received from disposal and the fair value of any retained equity and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original equity interests proportion is recognised as investment income in the period in which control is lost, and the goodwill is written down at the same time. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Recognition criteria for cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily available for payments. Cash equivalents are the Group's short-term (generally due within three months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Translation of transactions and financial statements denominated in foreign currencies

8.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are measured, on initial recognition, by applying the actual spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the current period.

8.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the Historical Financial Information, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owners' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and owners' equity items is recognised as other comprehensive income and included in owners' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate that approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of foreign exchange rate changes on cash and cash equivalents". The closing balances and the actual figures of previous year are presented at the translated amounts in the previous year's financial statements.

9. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Group recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value (the method for determining the fair value of financial assets and financial liabilities is set out in the relevant disclosures of basis of accounting and principle of measurement as described in Note (II)). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts. When initially recognising accounts receivable that do not contain significant financing components or of

which the financing components in the contract with a term of no more than one year are not taken into consideration in accordance with the *CASBE No. 14 — Revenue* ("Revenue Standards"), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant accounting periods.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows by considering all contractual terms of the financial asset or financial liability including early repayment, extension, call option or other similar options etc. without considering expected credit losses.

The amortised cost of a financial asset or a financial liability is the initially recognised amount net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the initially recognised amount and the amount at the maturity date using the effective interest method, and then net of cumulative loss allowance (only applicable to financial assets).

9.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group's financial assets of various types are subsequently measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL"), respectively.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortised cost. Such financial assets include cash at bank and on hand, accounts receivable, bills receivable, other receivables, other current assets — entrusted loans, and long-term receivables, etc.

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognised in business combination involving enterprises not under common control as financial assets at FVTOCI on an individual asset basis. Such financial assets are presented as investments in other equity instruments in Historical Financial Information.

A financial asset is classified as held for trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of selling it in the near term.
- On initial recognition, it is part of a portfolio of identifiable financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- Those financial assets are classified as derivatives. It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and those designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortised cost and financial assets at FVTOCI are classified as financial assets at FVTPL;
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

9.1.1 Financial assets measured at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss for the current period.

The Group recognises interest income on financial assets measured at amortised cost using the effective interest method, unless such financial assets become credit-impaired in subsequent periods. In such cases, the Group calculates interest income based on the amortised cost and effective interest rate of the financial asset in subsequent periods. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of the above provisions, the Group will calculate and determine the interest income by applying effective interest rate to the gross carrying amount of the financial asset.

9.1.2 Financial assets at FVTOCI

Changes in fair value of non-held-for-trading equity instrument investments designated as financial assets at FVTOCI are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-held-for-trading equity instrument, revenue from dividends is

recognised in profit or loss for the current period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

9.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss for the current period.

9.2 Impairment of financial instruments

For financial assets measured at amortised cost, the Group accounts for the impairment and recognises the loss allowance on the basis of expected credit loss ("ECL").

The Group makes a loss allowance against amount of lifetime ECL of bills receivable and accounts receivable arising from transactions adopting the Revenue Standard as well as lease receivables arising from transactions adopting the *CASBE No. 21 — Leases*.

For items of other financial instruments, the Group assesses the changes of credit risk since initial recognition of relevant financial instruments at each balance sheet date. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognises loss allowance based on 12-month ECL of the financial instrument. The increase or reversal of credit loss allowance is recognised as an impairment loss or gain in profit or loss for the current period.

Where the Group has measured the loss allowance at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognises the loss allowance of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of loss allowance recognised as impairment gains in profit or loss for the current period.

9.2.1 Significant increase of credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition with available reasonable and supportable forward-looking information.

The following factors are taken into account when assessing whether credit risk has increased significantly:

(1) Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;

(2) An actual or expected significant change in the operating results of the debtor;

(3) Significant adverse changes in regulatory, economic, or technological environment of the debtor;

(4) Significant changes in expected performance and repayment of the debtor;

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly when contractual payments are more than 30 days (inclusive) past due.

At the balance sheet date, if the Group determines that a financial instrument has only lower credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. A financial instrument is deemed as having lower credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to satisfy its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily reduce the ability of the borrower to fulfil its contractual cash obligations.

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

(1) Significant financial difficulty of the issuer or debtor;

(2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;

(3) The creditor(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor(s) would not otherwise consider;

(4) It is probable that the debtor will enter bankruptcy or other financial reorganisations;

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

9.2.3 Determination of ECL

The ECL on relevant financial instruments are determined on an individual or a portfolio basis.

- For financial assets and lease receivables, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group;

- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

9.2.4 Write-off of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

9.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

For a transfer of a financial asset that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred, and the consideration received from the transfer, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and includes the consideration received in liability.

9.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual terms and their economic substance, together with the definition of financial liability and equity instrument.

9.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1.1 Financial liabilities at FVTPL

For derivative instruments classified as financial liabilities and financial liabilities arising from contingent consideration recognised by the Group as the buyer in the business combination involving enterprises not under common control, the Group measures such financial liabilities at fair value through profit or loss.

9.4.1.2 Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, and any gains or losses arising from termination of recognition or amortisation are included in profit or loss. The Group's other financial liabilities primarily comprise bills payable, accounts payable, other payables, short-term borrowings, other current liabilities-obligation to repurchase non-controlling interests, long-term borrowings, and long-term payables.

9.4.2 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss for the current period.

9.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Change of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group treats allocations to equity instrument holders as profit distribution and stock dividends paid do not affect total amount of owners' equity.

9.4.4 Accounting treatment for forward purchase obligations/put options to minority shareholders

In business combination involving enterprises not under common control, if the Group has a forward acquisition obligation to minority shareholders or has issued a put option to minority shareholders, the Group incurs a contractual obligation that cannot be unconditionally avoided to repurchase its own equity instruments by paying cash or other financial assets. At the combination date, this repurchase obligation is recognised as a financial liability at an amount equal to the present value of the payments for the required repurchase.

9.5 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset with the net amount presented in the balance sheet. Otherwise, financial assets and financial liabilities are separately presented in the balance sheet without offsetting.

10. Accounts receivable

10.1 Determination of and accounting treatment for ECL of accounts receivable

Except for accounts receivable with significantly different credit risk characteristics, which are assessed for ECL on an individual asset basis, the Group uses an impairment matrix to determine the ECL on accounts receivable on a portfolio basis. The increase or reversal amount of ECL of accounts receivable is included in profit or loss for the current period as losses on or gains from credit impairment.

10.2 Portfolios for which credit loss allowances are collectively assessed based on credit risk characteristics and their basis

The Group classifies accounts receivable into distributors, E-commerce, KA customers, special channels and other categories based on common risk characteristics. Common credit risk characteristics adopted by the Group include customer categories and aging.

10.3 Calculation method of aging for the portfolios based on credit risk characteristics determined by aging

The Group uses the aging of accounts receivable as a credit risk characteristic to determine its credit losses using an impairment matrix. The aging is calculated from the date of initial recognition. When the terms and conditions of accounts receivable are modified but such modification does not result in derecognition of accounts receivable, the aging of the accounts receivable shall be calculated continuously.

10.4 Criteria for determining the basis of credit loss allowances made on an individual basis

The Group assesses credit risk on an individual basis for accounts receivable where credit risk differs significantly from the credit risk of the portfolio.

11. Other receivables and long-term receivables

11.1 Determination of and accounting treatment for ECL of other receivables and long-term receivables

Except for other receivables with significantly different credit risk characteristics, which are assessed for ECL on an individual asset basis, the Group determines ECL for other receivables on a portfolio basis. The Group determines ECL for long-term receivables on an individual asset basis.

The increase or reversal of ECL allowance is included in profit or loss for the current period as losses on or gains from credit impairment.

11.2 Portfolios for which credit loss allowances are collectively assessed based on credit risk characteristics and their basis

Other receivables are grouped based on common risk characteristics. The common credit risk characteristics adopted by the Group include the nature of receivables, delinquency status, the industry in which the debtor operates, and the size of the debtor company, etc.

11.3 Calculation method of aging for the portfolios based on credit risk characteristics determined by aging

The aging is calculated from the date of initial recognition.

12. Inventories

12.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, amortisation method for low-value consumables and packaging materials

12.1.1 Categories of inventories

The Group's inventories mainly include raw materials, finished goods, revolving materials, packaging materials, consumable biological assets, shipped goods, low-value consumables, consigned materials for processing, properties under development and properties for sale, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Properties under development comprises costs for acquiring the land use rights, expenditures of support infrastructure, expenditures of construction and installation work, borrowing costs incurred before the development project is completed and other related expenses incurred during the course of development.

12.1.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method or specific identification method.

12.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

12.1.4 Amortisation method for low-value consumables and packaging materials

Packaging materials and low-value consumables are amortised using the immediate write-off method.

12.2 Recognition criteria and methods for determining the provision for write-down of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for write-down of inventories is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of events subsequent to the balance sheet date.

After the provision for write-down of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their carrying amount, the original provision for write-down is reversed and the reversal is included in profit or loss for the current period.

12.3 Portfolios for which provision for write-down of inventories are collectively assessed and their basis, and the basis for determining the net realisable value of different categories of inventories

For large quantities and low-value items of inventories, provision for write-down is made based on categories of inventories. Therefore, inventories are grouped into raw materials, finished goods, revolving materials, packaging materials, consumable biological assets, shipped goods, low-value consumables, consigned materials for processing, properties under development and properties for sale, for the purpose of provision for write-down of inventories. Finished goods intended for direct sale, shipped goods and consumable biological assets, the net realisable values are determined, in the ordinary course of business, as the estimated selling price less all estimated selling expenses and relevant taxes. For inventories that require further processing in the ordinary course of business, the net realisable values are determined as the estimated selling price less the estimated costs of completion, all estimated selling expenses and relevant taxes. At the balance sheet date, if part of an inventory has a contract price while other parts do not, the Group separately determines the net realisable values and compares them with their corresponding costs to separately determine the provision for write-down of inventories to be recognised or reversed.

13. Long-term equity investments

13.1 Basis for determining joint control and significant influence over the investee

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control over an arrangement, and exists only when the activities relating to the arrangement require the

unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, convertible corporate bonds and enforceable warrants) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

13.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving enterprises not under common control, the acquirer determines if these transactions are considered to be a "package deal": if it belongs to a "package deal", transactions will be dealt as transactions to acquire control. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for investments in other equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognised in other comprehensive income are included in retained earnings.

The intermediary expenses incurred by the combining party or acquirer in respect of auditing, legal services, valuation and consultancy services, etc., and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with the *CASBE No. 22 — Recognition and Measurement of Financial Instruments* and the additional investment cost.

13.3 Subsequent measurement and recognition of profit or loss

13.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

13.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investment in associates using the equity method. An associate is an entity over which the Group has significant influence.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the capital reserve. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the time of obtaining the investment after making appropriate adjustments. When the investee's accounting policies and accounting period are inconsistent with those of the Group, the Group recognises investment income and other comprehensive income after making appropriate adjustments on the investee's financial statements according to the Group's accounting policies and accounting period. For the Group's transactions with its associates where assets contributed or sold do not constitute a business, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. If the investee realises net profit in the subsequent period, the Group will resume to recognise the income share after the income share makes up for the unrecognised loss share.

13.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee and carried forward proportionately; other owners' equity recognised from changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in profit or loss for the current period and carried forward proportionately.

Where the Group loses control over the investee due to disposal of part of shares, when preparing separate financial statements, if remaining shares after disposal can make joint control or significant influence on the investee, they are accounted for under equity method, and adjusted as if they are accounted for under equity method since the acquisition date; if remaining shares after disposal cannot make joint control or significant influence on the investee, they are accounted for according to the relevant provisions on the recognition and measurement of financial instruments, and the difference between fair value on the date of losing control and carrying amount is recognised in profit or loss for the current period. Upon the control of the investee is lost, other comprehensive income recognised due to equity method or recognition and measurement of financial instruments before the Group obtained controls over the investee, is accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities and recognised in profit or loss for the current period; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are recognised in profit or loss for the current period. Where the remaining equity interests after disposal are accounted for under equity method, other comprehensive income and other owners' equity are recognised in profit or loss in proportion; where the remaining equity interests after disposal are accounted for in accordance with the recognition and measurement of financial instruments, other comprehensive income and other owners' equity are fully recognised in profit or loss.

When the Group loses joint control or significant influence over the investee due to partial disposal of equity investments, the remaining interest after disposal is changed to be accounted for under the standards for the recognition and measurement of financial instruments, and the difference between the fair value and carrying amount on the date when joint control or significant influence is lost is charged to profit or loss for the current period. When the equity method is no longer used, other comprehensive income previously recognised for previous-held equity investments under the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; upon discontinuation of the equity method, owners' equity recognised due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is entirely transferred to investment income for the period.

14. Fixed assets

14.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss for the current period in which they are incurred.

14.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation period, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation period	Estimated net residual value rate	Annual depreciation rate
		(years)	*(%)*	*(%)*
Plants and buildings	Straight-line method	10-45	3-5	2.16-9.70
Machinery and equipment	Straight-line method	3-10	3-5	9.50-32.33
Motor vehicles	Straight-line method	3-10	3-5	9.50-32.33
Office equipment	Straight-line method	3-10	3-5	9.50-32.33

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

14.3 Other descriptions

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the current period.

The Group reviews the useful life and the estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated.

Construction in progress is transferred to a fixed asset when it is ready for intended use. Basis and time point of transferring all construction in progress to fixed assets are as follows:

Category	Criteria and time point of transferring to fixed assets
Plants and buildings	The earlier of actual commencement of use/completion of acceptance
Machinery and equipment	The earlier of actual commencement of use/completion of installation and acceptance

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expenses incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

17. Biological assets

The Group's biological assets are classified into consumable biological assets and productive biological assets.

17.1 Consumable biological assets

Consumable biological assets are biological assets held for sale or to be harvested as agricultural produce in the future. A consumable biological asset is initially measured at cost. The cost of a consumable biological asset bred or cultivated by the Group comprises the costs necessarily incurred before sold and attributable to the asset, and any borrowing costs that satisfy capitalisation criteria.

The Group recognises the cost of a consumable biological asset in profit or loss based on its carrying amount at the time when the asset is sold. Upon sales, the carrying amount is determined using the weighted average method.

At the balance sheet date, a consumable biological asset is measured at the lower of cost and net realisable value, and a provision for write-down of the asset is recognised using the method consistent with that applicable to provide for write-down of inventories. If the circumstances that previously led to a provision for write-down of a consumable biological asset no longer exist, the original provision for write-down is reversed in profit or loss for the current period. The reversal is limited to the amount originally provided.

17.2 Productive biological assets

Productive biological assets are biological assets, for example, held for the production of agricultural produce, provision of services or rental, including immature productive biological assets (e.g. calves, heifers) and mature productive biological assets (e.g., milkable cows, breeding bulls). Productive biological assets are initially measured at cost. The cost of self-breeding productive biological assets comprises those costs necessarily incurred and directly attributable to the asset before the asset becomes available for its intended production and operating purposes including capitalised borrowing cost.

When productive biological assets become available for its intended production and operation purposes, the Group accrues depreciation of productive biological assets using straight-line method over their useful lives. The useful life, estimated net residual value rate and annual depreciation rate of each category of productive biological assets are as follows:

Category	Useful life	Estimated net residual value rate	Annual depreciation rate
	(Years)	*(%)*	*(%)*
Mature milkable cows	5	20	16.00
Mature breeding bulls	3-5	5	19.00-31.67

The useful lives and estimated net residual values of the above productive biological assets are determined based on historical experience.

The Group reviews the useful life and estimated net residual value of productive biological assets and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

On the sale, identification of any shortages during stocktaking, death or damage of productive biological assets, the proceeds on disposal net of the carrying amount and relevant taxes are recognised in profit or loss for the current period.

18. Intangible assets

18.1 Useful life and its determination basis, estimate, amortisation method or review procedures

Intangible assets include land use rights, computer software, patents and non-patented technology, trademarks, and others.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised. Amortisation methods and useful lives of all intangible assets with finite useful lives are as follows:

Category	Amortisation method	Useful life	Basis for determination
		(Years)	
Land use rights	Straight-line method	30-70	Term of land use rights
Computer software	Straight-line method	3-10	Expected economic benefit period
Patents and non-patented technology	Straight-line method	8-10	Shorter of patent term and expected economic benefit period
Trademarks	Straight-line method	7-10	Shorter of trademark term and expected economic benefit period
Others	Straight-line method	5-20	Shorter of contract term and expected economic benefit period

In addition to the aforementioned intangible assets with finite useful lives, the Group's intangible assets with indefinite useful lives comprise trademarks. Trademarks represent trademarks acquired by the Group from subsidiaries. As the period over which they are expected to generate economic benefits for the Group cannot be reliably estimated, they are classified as intangible assets with indefinite useful lives. Refer to Note (VI) 16 for details. For intangible assets with indefinite useful lives, the Group reviews their useful lives annually at the end of each year. If the useful life remains indefinite after re-evaluation, an impairment test is performed at the balance sheet date.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the year, and makes adjustments when necessary.

18.2 Scope of and related accounting treatment for research and development expenditure

Expenditures in the research phase are recognised in profit or loss for the current period in which they are incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as an intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the current period.

(1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(2) the Group has the intention to complete the intangible asset and use or sell it;

(3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

(5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the current period. The cost of intangible assets formed in internal development activities only includes the total amount of expenditures from the time point when the capitalisation conditions are met to the time when the intangible assets reach the predetermined uses. For the same intangible asset, the expenditures that have been expensed into profit or loss before the capitalisation conditions are met in the development process will not be adjusted.

19. Impairment of long-term assets

The Group reviews long-term equity investments, fixed assets, right-of-use assets, productive biological assets measured at cost, construction in progress and intangible assets with finite useful lives at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on an individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the current period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the asset group or set of asset groups, i.e., goodwill is reasonably allocated to the related asset group or set of asset groups expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the asset group or set of asset groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such asset group or sets of asset groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once an impairment loss of the above-mentioned assets is recognised, it will not be reversed in any subsequent period.

20. Long-term deferred expenses

Long-term deferred expenses represent expenses incurred that should be borne and amortised over the current period and subsequent periods (together of more than one year). Long-term deferred expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

21. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

22. Employee benefits

22.1 Accounting treatment for short-term employee benefits

In an accounting period in which an employee has rendered services to the Group, the Group recognises the short-term employee benefits for that service as a liability, and the related expenditures are charged to profit or loss for the current period or in costs of relevant assets. Employee welfare incurred by the Group is recognised in profit or loss for the current period or the costs of relevant assets based on the actual amount when incurred. Non-monetary employee welfare is measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the current period or the costs of relevant assets in the accounting period in which employees provide services.

22.2 Accounting treatment of post-employment benefits

The Group's post-employment benefits are all defined contribution plans.

In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognised as a liability by the Group and charged to profit or loss for the current period, or included in cost of related assets.

22.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognised in profit or loss for the current period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognises any related restructuring costs or expenses.

23. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

24. Share-based payments

A share-based payment is a transaction which the Group grants equity instruments in return for services rendered by employees. The Group's share-based payments are equity-settled share-based payments.

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognised as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc. and revises the number of equity instruments expected to vest. The effect of the above estimate is recognised as related costs or expenses, with a corresponding adjustment to capital reserve.

25. Revenue

25.1 Accounting policies for revenue recognition and measurement disclosed by business types

The Group's revenue primarily derives from the sale of liquid milk, formula, and other dairy products. Sales channels mainly include distributor channels and direct sales channels.

The Group recognises revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers distinct goods or services to a customer in the contract.

The Group assesses a contract at contract inception, identifies each separate performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. It is a performance obligation satisfied over time and the Group recognises revenue over time according to the progress of performance if one of the following conditions is met: (1) the customer obtains and consumes economic benefits at the same time of the Group's performance; (2) the customer is able to control goods or services in progress during the Group's performance; (3) goods or services generated during the Group's performance have

irreplaceable utilisation, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, revenue is recognised at a point in time when the customer obtains control over the relevant goods or services.

The Group's revenue from goods sales is recognised as a performance obligation satisfied at a point in time and is recognised when the customer obtains control of the relevant goods. Revenue recognition across the Group's various channels is primarily based on the point in time when goods are delivered and signed for.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each separate performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price refers to the price of a single sale of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relative information that can be reasonably acquired and maximum use of observable inputs.

In case of the existence of variable consideration in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognised revenue which is most unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration to be included in the transaction price.

In case of the existence of consideration payable to a customer in the contract, the Group shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service. The Group shall recognise the reduction of revenue at the later of recognising relevant revenue and paying (or promising to pay) the consideration.

For sales that are affixed with terms of sales return, as the customer obtains control of related goods, the Group recognises revenue based on the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods to the customer, and recognises liabilities based on the expected refund amounts due to sales returns. Meanwhile, at the time of transfer, an assets is recognised at the carrying

amount of goods expected to be returned, after deduction of expected costs from collecting the goods (including impairment of the returned goods), and the cost of sales is recognised at the carrying amount of the goods are transferred, netting of the cost of the aforementioned asset.

For sales that are affixed with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a separate performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the *CASBE No. 13 — Contingencies*.

The additional purchase options of customers include sale incentive measures, customer reward points, etc. The Group regards the additional purchase option, which provides significant right to the customer, as a separate performance obligation, and recognises revenue when the customer exercises the purchase option to acquire the control over relevant goods or services in the future, or when the option expires. Where the stand-alone selling price of the additional purchase option of customers cannot be observed directly, the Group makes an estimate considering all the relevant information including the difference in discount when the customer exercises or does not exercise the option, and the possibility of the customer to exercise the option.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The commission or fee is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

25.2 Different business models for similar operations involve different revenue recognition methods and measurement approaches

The Group has no different business models for similar operations involve different revenue recognition methods and measurement approaches.

26. Contract costs

26.1 Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than Revenue Standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance

obligations in the future; and (3) the costs are expected to be recovered. The asset mentioned above shall be amortised on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognised in profit or loss for the current period.

26.2 Impairment losses of assets relating to contract costs

In determining the impairment loss on assets relating to contract costs, the impairment loss should first be determined for the other assets relating to contracts, which are recognised in accordance with other CASBE. For assets relating to contract costs, where the carrying amount is higher than the difference between the two items below, the impairment provision will be made for the excess part with the impairment losses of assets recognised: (1) the remaining consideration that the Group expects to obtain for transfer of goods or services relating to the assets; (2) the estimated costs necessary to transfer relevant goods or services.

After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognised in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

27. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

27.1 Accounting treatment of government grants related to assets

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

27.2 Accounting treatment of government grants related to income

Government grants related to income refer to those other than grants related to assets.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related expenses or losses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the current period.

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities. a government grant not related to the Group's daily activities is recognised in non-operating income.

The Group recognises interest subsidies for policy-related preferential loans as follows: where the government provides an interest subsidy to the lending bank, enabling it to extend loans to the Group at a preferential interest rate, the Group recognises the amount of borrowings received as the carrying amount of the loan and calculates the related finance costs based on the loan principal and the preferential interest rate; where the government directly grants the interest subsidy to the Group, the subsidy is recognised as a reduction of the corresponding finance costs.

28. Leases

A lease is a contract whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a consideration.

The Group assesses whether a contract is, or contains, a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

28.1 The Group as lessee

28.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

28.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognises a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Bank measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of the *CASBE No. 4 — Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term.

Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with the *CASBE No. 8 — Impairment of Assets*.

28.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- the exercise price of a purchase option reasonably certain to be exercised by the Group;

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and

- amounts expected to be paid under residual value guarantees provided by the Group.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date. Variable lease payments not included in the measurement of the lease liabilities, are recognised in profit or loss or cost of related assets in the period of those payments.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on a fixed periodic rate, and recognises such expenses in profit or loss or costs of related assets.

After the commencement date of the lease, the Group remeasures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognise the difference in profit or loss for the current period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group re-measures the lease liabilities, on the basis of the revised lease payments and the unchanged discount rate.

28.1.4 Determination basis and accounting treatment of short-term leases and leases of low-value assets treated under a simplified method as lessee

The Group chooses not to recognise right-of-use assets and lease liabilities for short-term leases of transportation equipment, machinery and equipment and buildings, as well as leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a purchase option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is less than RMB50,000.

The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

28.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of the particular contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and remeasures the lease liabilities at the present value of revised lease payment discounted at revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially of fully terminated will be included in profit or loss for the current period. For other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

28.2 The Group as lessor

28.2.1 Separating components of a lease

For a contract that contains lease or non-lease components, the Group allocates the contract consideration in accordance with the transaction price allocation provisions in the revenue standard. The allocation is based on the stand-alone prices for the lease component and the non-lease component.

28.2.2 Classification criteria and accounting treatment for leases as the lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

28.2.2.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognised as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

29. Deferred tax assets/Deferred tax liabilities

Income tax expenses include current income tax and deferred income tax.

29.1 Current income taxes

At the balance sheet date, current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

29.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) and does not give rise to equal taxable temporary differences and deductible temporary differences at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable income against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or benefits are recognised in profit or loss for the current period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in owners' equity, in which case they are recognised in other comprehensive income or in owners' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable income will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable income will be available.

29.3 Income tax offsetting

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

(IV) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the Historical Financial Information that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgements, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

At the balance sheet date, the key assumptions and uncertainties in accounting estimates that are probable to cause significant adjustments to the carrying amounts of assets and liabilities in future periods include:

Credit loss allowance for accounts receivable

Except for accounts receivable with significantly different credit risk characteristics, which are assessed for ECL on an individual asset basis, the Group uses an impairment matrix to determine the ECL on accounts receivable. The Group determines the proportion of corresponding loss allowance for all types of accounts receivable with similar risk characteristics. The expected credit loss rate is determined based on the Group's historical credit loss experience and considers reasonable and supportable forward-looking information

that is available without undue cost or effort. The recognition of credit loss allowance requires the use of judgment and estimates. If the re-estimate results differ from existing estimates, such differences will affect the carrying amount of accounts receivable in the period of the estimate change.

Provision for write-down of inventories

The Group recognises provision for write-down of inventories based on the estimated net realisable value of inventories. If the net realisable value is below the cost of inventories, a provision for write-down of inventories is made. The recognition of net realisable value requires the use of judgment and estimates. Where the re-estimated result is different from the current estimates, the difference will impact the carrying amounts of the inventories of the period in which the estimates have changed.

Depreciation and amortisation

The Group depreciates and amortises intangible assets, fixed assets and productive biological assets using the straight-line method over their useful lives. The Group depreciates right-of-use assets using the straight-line method. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group periodically reviews the useful lives of assets to determine the amount of depreciation and amortisation expense to be recognised in each reporting period. Useful lives are determined by the Group based on historical experience with similar assets, taking into account factors such as anticipated technological advancements and changes in market demand. If there is a significant change in previous estimates, adjustments to depreciation and amortisation expense will be made in future periods.

Impairment of long-term assets (other than goodwill)

The Group performs impairment tests when there are indications that long-term assets may be impaired. Impairment exists if the carrying amount of an asset or asset group is higher than the recoverable amount, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. The fair value net of cost of disposal is determined by reference to the agreed selling price of similar assets in an arm's length transaction or observable market price less the incremental cost that can be directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management estimates the future cash flows of the assets or asset group and adopts an appropriate discount rate to determine the present value of the future cash flows.

Impairment of goodwill

The Group tests goodwill for impairment at least annually. During testing, the recoverable amounts of the asset group or sets of asset groups to which the goodwill relates are estimated. Estimating recoverable amount requires the Group to estimate the future cash flows expected to be generated by the asset group or set of asset groups and to select an appropriate discount rate to calculate the present value of these cash flows. When market conditions change, the recoverable amount of the relevant asset group or set of asset groups may differ from existing estimates, and such differences will affect profit or loss for the current period.

Recognition of deferred tax assets

The realisation of deferred tax assets mainly depends on taxable profits in the future and actual tax rate in the future year when deductible temporary differences are used. If profit in the future is less than the predicted, or the actual tax rate is less than the predicted, the deferred tax assets recognised shall be reversed and recognised in the income statement for the period when the reversal occurred. If the actual taxable income generated in the future exceeds the forecast, or if the actual tax rate is higher than anticipated, the corresponding deferred tax assets will be adjusted and recognised in the income statement for the period in which such circumstances occur.

(V) TAXATION

1. Major categories of taxes and tax rates

Major tax types and tax rates are set out below:

Tax types	Basis of tax computation	Tax rate
Value-added tax ("VAT")	Note 1	1%, 3%, 5%, 6%, 9%, 13%
Enterprise income tax	Taxable income	Note 2
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%, 1%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Real estate tax	Original costs of the property, rental income from the property	For self-used properties, real estate tax is calculated and levied at 1.2% of 70% of the original value of the property; for rented properties, real estate tax is calculated and levied at 12% of the rental income.
Land use tax	Actual land area occupied	RMB0.6–20 per square meter

Note 1: VAT payable is the balance of output tax less deductible input tax, or the tax payable calculated under the simplified taxation method.

Note 2: Explanation of taxpayers subject to different enterprise income tax rates:

Items	Income tax rate
Business in Chinese Mainland	25%, except for the tax incentives listed below
Business in the United States of America	21%
Business in Hong Kong, China	8.25%, 16.5%

Aisen Technology Bulls Co., Ltd. (愛森科技種公牛有限公司) ("Aisen Technology"), a subsidiary of the Company, was incorporated in the United States of America in 2022. The U.S. federal corporate income tax is currently a flat rate of 21%, applicable to taxable income generated after 31 December 2017.

Junlebao (Hong Kong) Holdings Limited (君樂寶(香港)控股有限公司) ("Junlebao Hong Kong"), a subsidiary of the Company, was incorporated in Hong Kong, China in 2024. Junlebao (Hong Kong) International Trading Co., Ltd., (君樂寶(香港)國際貿易有限公司) ("Junlebao Hong Kong International Trading") a subsidiary of the Company, was incorporated in Hong Kong, China in 2025. Junlebao Hong Kong applies the standard tax rate of 16.5%. The tax rate for Junlebao Hong Kong International Trading is 8.25% on assessable profits up to HKD2,000,000; and 16.5% on any part of assessable profits over HKD2,000,000.

2. Tax incentives

Enterprise income tax incentives for the Company and its domestic subsidiaries

Pursuant to Article 27(1) of the Enterprise Income Tax Law of the People's Republic of China, income derived by enterprises from agricultural, forestry, animal husbandry, and fishery projects are subject to exemption from or reduction for enterprise income tax, and Article 86 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China provides further interpretation to this tax law.

According to the abovementioned tax law and regulation, the income derived by the following subsidiaries from breeding of livestock and poultry shall be exempt from enterprise income tax:

English Name	Chinese Name	English Abbreviation
Hebei Leyuan Animal Husbandry Co., Ltd.	河北樂源牧業有限公司	Leyuan Animal Husbandry
Leyuan Animal Husbandry Weixian Co., Ltd.	樂源牧業威縣有限公司	Leyuan Weixian
Leyuan Junbang Animal Husbandry Weixian Co., Ltd.	樂源君邦牧業威縣有限公司	Leyuan Junbang
Leyuan Animal Husbandry Xingtang Co., Ltd.	樂源牧業行唐有限公司	Leyuan Xingtang
Xuzhou Leyuan Animal Husbandry Co., Ltd.	徐州樂源牧業有限公司	Xuzhou Leyuan

English Name	Chinese Name	English Abbreviation
Shijiazhuang Junsheng Animal Husbandry Co., Ltd.	石家莊君盛牧業有限公司	Junsheng Animal Husbandry
Leyuan Animal Husbandry Zhengyang Co., Ltd.	樂源牧業正陽有限公司	Leyuan Zhengyang
Leyuan Junhong Animal Husbandry Weixian Co., Ltd.	樂源君宏牧業威縣有限公司	Junhong Animal Husbandry
Junlebao Youzhi Pasture Zhangjiakou Animal Husbandry Co., Ltd.	君樂寶優致牧場張家口牧業有限公司	Youzhi Animal Husbandry
Leyuan Junxiang Animal Husbandry Weixian Co., Ltd.	樂源君享牧業威縣有限公司	Junxiang Animal Husbandry
Leyuan Junkang Animal Husbandry Weixian Co., Ltd.	樂源君康牧業威縣有限公司	Junkang Animal Husbandry
Xingtai Baixiang Junchuang Animal Husbandry Co., Ltd.	邢台市柏鄉君創牧業有限公司	Baixiang Junchuang
Leyuan Animal Husbandry Handan Co., Ltd.	樂源牧業邯鄲有限公司	Leyuan Handan
Huanghua Leyuanjia Animal Husbandry Co., Ltd.	黃驊市樂源家牧業有限公司	Huanghua Leyuanjia
Shenze County Junchuang Yimu Animal Husbandry Co., Ltd.	深澤縣君創壹牧牧業有限公司	Junchuang Yimu
Shenze County Junchuang Ermu Animal Husbandry Co., Ltd.	深澤縣君創貳牧牧業有限公司	Junchuang Ermu
Shijiazhuang Junliyuan Animal Husbandry Co., Ltd.	石家莊君利源牧業有限公司	Junliyuan Animal Husbandry
Zhengding Leyuan Jiaer Animal Husbandry Co., Ltd.	正定樂源家貳牧業有限公司	Leyuan Jiaer
Zanhuang Jialeyuan Animal Husbandry Co., Ltd.	贊皇縣家樂源牧業有限公司	Zanhuang Jialeyuan
Shenze County Leyuan Jiasan Animal Husbandry Co., Ltd.	深澤縣樂源家叁牧業有限公司	Leyuan Jiasan
Lixian Leyuanjia Animal Husbandry Co., Ltd.	蠡縣樂源家牧業有限公司	Lixian Leyuanjia
Gaoyang County Leyuanjia Animal Husbandry Co., Ltd.	高陽縣樂源家牧業有限公司	Gaoyang Leyuanjia
Weixian Leyuan Jiasen Animal Husbandry Co., Ltd.	威縣樂源家森牧業有限公司	Leyuan Jiasen
Weixian Leyuan Jiasi Animal Husbandry Co., Ltd.	威縣樂源家思牧業有限公司	Leyuan Jiasi
Daming Leyuanjia Animal Husbandry Co., Ltd.	大名縣樂源家牧業有限公司	Daming Leyuanjia
Quyang County Jialeyuan Animal Husbandry Co., Ltd.	曲陽縣家樂源牧業有限公司	Quyang Jialeyuan
Leyuan Junfeng (Tangshan) Animal Husbandry Co., Ltd.	樂源君豐(唐山)牧業有限公司	Leyuan Junfeng
Leyuan Animal Husbandry Zhangbei Co., Ltd.	樂源牧業張北有限公司	Leyuan Zhangbei
Leyuan Junkai (Weixian) Animal Husbandry Co., Ltd.	樂源君凱(威縣)牧業有限公司	Leyuan Junkai
Leyuan Junjie (Cangzhou) Animal Husbandry Co., Ltd.	樂源君捷(滄州)牧業有限公司	Leyuan Junjie

English Name	Chinese Name	English Abbreviation
Leyuan Junhui (Cangzhou) Animal Husbandry Co., Ltd.	樂源君輝(滄州)牧業有限公司	Leyuan Junhui
Junao Animal Husbandry (Zanhuang) Co., Ltd.	君奧牧業(贊皇)有限責任公司	Junao Zanhuang
Xinxiang Leyuan Animal Husbandry Co., Ltd.	新鄉樂源牧業有限公司	Xinxiang Leyuan
Zhangjiakou Junlebao Banner Animal Husbandry Co., Ltd.	張家口君樂寶旗幟牧業有限公司	Banner Animal Husbandry
Weixian Leyuanjia Animal Husbandry Co., Ltd.	魏縣樂源家牧業有限公司	Weixian Leyuanjia
Haixing County Leyuanjia Animal Husbandry Co., Ltd.	海興縣樂源家牧業有限公司	Haixing Leyuan
Shenze County Leyuan Jiasi Animal Husbandry Co., Ltd.	深澤縣樂源家肆牧業有限公司	Shenze Jiasi
Dali Yunying Animal Husbandry Co., Ltd.	大理雲櫻牧業有限公司	Dali Yunying
Yunnan Dali Yunfei Animal Husbandry Co., Ltd.	雲南大理雲菲牧業有限公司	Yunfei Animal Husbandry
Yunnan Dali Yunxiang Animal Husbandry Co., Ltd.	雲南大理雲祥牧業有限公司	Yunxiang Animal Husbandry
Xiangyun Leyuan Animal Husbandry Co., Ltd.	祥雲樂源牧業有限公司	Xiangyun Leyuan
Tianchang Leyuan Animal Husbandry Co., Ltd.	天長樂源牧業有限公司	Tianchang Leyuan
Zhengyang County Leyuan Ermu Animal Husbandry Co., Ltd.	正陽縣樂源貳牧牧業有限公司	Zhengyang Leyuan
Yunnan Dali Yunduan Animal Husbandry Co., Ltd.	雲南大理雲端牧業有限公司	Yunduan Animal Husbandry
Huanghua Junchuang Yimu Animal Husbandry Co., Ltd.	黃驊市君創壹牧牧業有限公司	Huanghua Junchuang
Pingshan Junhe Animal Husbandry Co., Ltd.	平山縣君合牧業有限公司	Pingshan Junhe
Shijiazhuang Junchuang Animal Husbandry Development Co., Ltd.	石家莊君創牧業發展有限公司	Junchuang Animal Husbandry
Hebei Leyuan Junchun Animal Husbandry Co., Ltd. (renamed in April 2025, formerly known as: Hebei Pinyuan Breeding Cattle Co., Ltd.)	河北樂源君淳牧業有限公司	Pinyuan Breeding Cattle

The Company's subsidiaries Xi'an Yinqiao Dairy Technology Co., Ltd. (西安銀橋乳業科技有限公司) ("Xi'an Yinqiao"), Dali Lesson Dairy Co., Ltd. (大理來思爾乳業有限公司) ("Dali Lesson Dairy") and Yunnan Lesson Dairy Co., Ltd. (雲南來思爾乳業有限公司) ("Yunnan Lesson Dairy") meet the conditions stipulated in the Preferential Tax Policies for Development of China's Western Regions for the years 2023, 2024 and 2025, and are subject to a reduced enterprise income tax rate of 15%. The Company's subsidiaries Xi'an Yinqiao and Yunnan Lesson Dairy meet the conditions stipulated in the Preferential Tax Policies for Development of China's Western Regions from 1 January, 2026 to 30 June, 2026, and are subject to a reduced enterprise income tax rate of 15%.

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No. 13 [2022] of the Ministry of Finance and the State

Taxation Administration) on 14 March 2022, from 1 January 2022 to 31 December 2024, the annual taxable income of a small low-profit enterprise that is not less than RMB1 million nor more than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) on 26 March 2023, from 1 January 2023 to 31 December 2024, the annual taxable income of a small low-profit enterprise that is less than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration) on 2 August, 2023, the annual taxable income of a small low-profit enterprise shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%, which will be continued to be implemented until 31 December 2027.

The subsidiaries of the Company, Leyuan Junyue Feed (Weixian) Co., Ltd. (樂源君悅飼料(威縣)有限公司) ("Junyue Feed"), Zhengyang Derong Plastic Packaging Products Co., Ltd. (正陽德容塑料包裝製品有限公司) ("Zhengyang Derong"), Siping Derong Plastic Packaging Products Co., Ltd. (四平德容塑料包裝製品有限公司) ("Siping Derong"), Hebei Guanwei Dairy Co., Ltd. (河北冠維乳業有限公司) ("Hebei Guanwei"), Shijiazhuang Junlebao Junxiang Property Service Co., Ltd. (石家莊君樂寶君享物業服務有限公司) ("Junxiang Property"), Shanghai Chunxiang Trading Co., Ltd. (上海純享商貿有限公司) ("Shanghai Chunxiang"), Weixian Derong Plastic Packaging Products Co., Ltd. (威縣德容塑料包裝製品有限公司) ("Weixian Derong"), Junlebao Dairy (Guangdong) Co., Ltd. (君樂寶乳業(廣東)有限公司) ("Guangdong Junlebao"), Zhengyang Leyuan, Dali Yunying, Yunfei Animal Husbandry, Yunxiang Animal Husbandry and Baixiang Junchuang, met the aforementioned regulations in 2023, the taxable income which is less than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. The subsidiaries of the Company, Siping Derong, Weixian Derong, Hebei Guanwei, Junxiang Property, Guangdong Junlebao, Pingshan Junhe, Zhengyang Leyuan, Dali Yunying, Yunfei Animal Husbandry, Yunxiang Animal Husbandry, Xi'an Youyou Zhichun Network Technology Co., Ltd. (西安悠悠智純網絡科技有限公司) ("Youyou Zhichun"), Baixiang Junchuang and Sikeqi Food Technology (Hebei) Co., Ltd. (思克奇食品科技(河北)有限公司) ("Sikeqi Hebei"), met the aforementioned regulations in 2024, the taxable income which is less than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. The subsidiaries of the Company, Siping Derong, Weixian Derong, Hebei Guanwei, Junxiang Property, Guangdong Junlebao, Pingshan Junhe, Zhengyang Leyuan, Dali Yunying, Yunfei Animal Husbandry, Yunxiang Animal Husbandry, Youyou Zhichun, Baixiang Junchuang and Junlebao Special Medical (Hebei) Nutrition Food Co., Ltd. (君樂寶特醫(河北)營養食品有限公司) ("Junlebao Special Medical") met the aforementioned regulations in 2025, the taxable income which is less than RMB3 million shall be included in

its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. The subsidiaries of the Company, Siping Derong, Weixian Derong, Hebei Guanwei, Junxiang Property, Pingshan Junhe, Zhengyang Leyuan, Dali Yunying, Yunfei Animal Husbandry, Yunxiang Animal Husbandry, Youyou Zhichun, Baixiang Junchuang and Junlebao Dairy (Quanzhou) Co., Ltd. (君樂寶乳業(泉州)有限公司) ("Quanzhou Junlebao") met the aforementioned regulations from 1 January 2026 to 30 June 2026, the taxable income which is less than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%.

Pursuant to Article 86 of the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China and the regulations of the Scope of Primary Processing of Agricultural Products Covered by Preferential Policies on Enterprise Income Tax (for Trial Implementation), the income derived from primary processing of dairy products by the following subsidiaries shall be exempt from enterprise income tax: Baoding Junlebao Dairy Co., Ltd. (保定君樂寶乳業有限公司) ("Baoding Junlebao"), Jiangsu Junlebao Dairy Co., Ltd. (江蘇君樂寶乳業有限公司') ("Jiangsu Junlebao"), Weixian Junlebao Dairy Co., Ltd. (威縣君樂寶乳業有限公司) ("Weixian Junlebao"), Handan Junlebao Dairy Co., Ltd. (邯鄲君樂寶乳業有限公司) ("Handan Junlebao"), Cangzhou Junlebao Town Ballad Dairy Co., Ltd. (滄州君樂寶鄉謠乳業有限公司) ("Cangzhou Junlebao"), Zhengyang Junlebao Dairy Co., Ltd. (正陽君樂寶乳業有限公司) ("Zhengyang Junlebao"), Siping Junlebao Dairy Co., Ltd. (四平君樂寶乳業有限公司) ("Siping Junlebao"), Xi'an Yinqiao, Dali Lesson Dairy and Yunnan Lesson Dairy.

VAT incentives for the Company and its domestic subsidiaries

Pursuant to Article 15 of the Interim Regulation of the People's Republic of China on Value-added Tax, Article 24 of the Value-Added Tax Law of the People's Republic of China (Presidential Decree No. 41 of the People's Republic of China), Article 26 of the Implementing Regulations of the Value-Added Tax Law of the People's Republic of China (State Council Decree No. 826 of the People's Republic of China), Announcement of the Ministry of Finance and the State Taxation Administration on the Transitional Matters of Value-Added Tax Preferential Policies upon Implementation of the Value-Added Tax Law, Announcement No. 10 of 2026 of the Ministry of Finance and the State Taxation Administration, the following subsidiaries are exempt from VAT on self-produced agricultural products sold:

Leyuan Animal Husbandry, Leyuan Weixian, Leyuan Junbang, Leyuan Xingtang, Xuzhou Leyuan, Junsheng Animal Husbandry, Leyuan Zhengyang, Junhong Animal Husbandry, Youzhi Animal Husbandry, Junxiang Animal Husbandry, Junkang Animal Husbandry, Baixiang Junchuang, Leyuan Handan, Huanghua Leyuanjia, Junchuang Yimu, Junchuang Ermu, Junliyuan Animal Husbandry, Leyuan Jiaer, Zanhuang Jialeyuan, Leyuan Jiasan, Lixian Leyuanjia, Gaoyang Leyuanjia, Leyuan Jiasen, Leyuan Jiasi, Daming Leyuanjia, Quyang Jialeyuan, Leyuan Junfeng, Leyuan Zhangbei, Leyuan Junkai, Leyuan Junjie, Leyuan Junhui, Junao Zanhuang, Xinxiang Leyuan, Banner Animal Husbandry, Weixian Leyuanjia, Haixing Leyuan, Shenze Jiasi, Dali Yunying, Yunduan Animal Husbandry, Yunfei Animal Husbandry, Yunxiang Animal Husbandry, Xiangyun Leyuan, Tianchang Leyuan, Zhengyang Leyuan, Huanghua Junchuang, Pingshan Junhe, Junchuang Animal Husbandry and Pinyuan Breeding Cattle.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value-added Tax for Feed Products (Cai Shui [2001] No. 121), single bulk feed, mixed feed, compound feed, compound premixes, concentrated feed, and other feed products are exempt from VAT. The Company's subsidiaries, Hebei Junnong Feed Co., Ltd. (河北君穠飼料有限公司) ("Junnong Feed") and Junyue Feed, comply with the requirements of the aforementioned notice and have completed procedures for VAT exemption. The feed produced by these subsidiaries is exempt from VAT.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Exemption Policies for Certain Fresh Meat and Egg Products in Circulation (Cai Shui [2012] No. 75), certain fresh meat and egg products shall be exempted from VAT in circulation. The Company, along with subsidiaries Weixian Junlebao and Handan Junlebao, meet the requirements outlined in the aforementioned notice and are exempt from VAT on fresh meat and egg products in circulation.

(VI) NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CASH AT BANK AND ON HAND

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Cash on hand	15,041.05	–	–	–
Bank deposits	1,338,687,923.81	1,479,496,574.38	1,247,141,749.33	1,253,623,130.37
Other monetary funds	150,287,059.70	105,109,774.67	58,974,078.19	57,863,891.20
Total	1,488,990,024.56	1,584,606,349.05	1,306,115,827.52	1,311,487,021.57

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had restricted bank deposits and other monetary funds of RMB134,526,614.72, RMB107,219,067.61, RMB38,636,825.13 and RMB46,626,307.41, respectively. For details, please refer to Note (VI) 57(5).

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no significant overseas deposits.

2. DERIVATIVE FINANCIAL ASSETS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Interest rate swap agreement	17,512,193.95	–	–	–
Forward foreign exchange contract	7,314,950.63	–	–	–
Total	24,827,144.58	–	–	–

As at 31 December 2023, the Group's derivative financial assets comprised interest rate swap agreement and forward foreign exchange contract purchased in connection with the USD Loan from Credit Suisse AG.

In 2024, the Group prepaid the USD Loan from Credit Suisse AG (see Note (VI) 31 for details) and simultaneously terminated the interest rate swap agreement and forward foreign exchange contract purchased for this loan. As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no derivative financial assets.

None of the above derivative financial assets were designated as hedging instruments and were measured at fair value through profit or loss.

3. BILLS RECEIVABLE

(1) Categories of bills receivable

RMB

Category	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Bank acceptance bills	2,582,320.00	2,400,000.00	1,774,456.00	2,400,000.00
Total	2,582,320.00	2,400,000.00	1,774,456.00	2,400,000.00

(2) Bills receivable pledged by the Group at the year/period end

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no pledged bills receivable.

(3) Bills receivable endorsed or discounted by the Group at the year/period end and not yet matured at the balance sheet date

RMB

	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
Items	Amount derecognised	Amount not derecognised	Amount derecognised	Amount not derecognised	Amount derecognised	Amount not derecognised	Amount derecognised	Amount not derecognised
Bank acceptance bills	–	2,450,000.00	–	2,400,000.00	–	1,774,456.00	–	339,662.65
Total	–	2,450,000.00	–	2,400,000.00	–	1,774,456.00	–	339,662.65

The Group believes that the bills receivable held are not exposed to significant credit risk and will not incur material losses due to default of the bill acceptors. Therefore, no loss allowance had been recognised.

4. ACCOUNTS RECEIVABLE

(1) Based on the dates of delivery of goods or services, the aging analysis of accounts receivables is as follows:

RMB

Aging	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance
			(%)			(%)			(%)			(%)
Within 1 year (inclusive)	1,001,722,392.98	(22,928,015.67)	2.29	863,809,196.08	(21,595,519.61)	2.50	1,003,399,234.67	(35,614,802.92)	3.55	991,733,128.48	(31,094,509.60)	3.14
1-2 years (inclusive)	29,656,050.84	(29,656,050.84)	100.00	25,566,750.39	(10,049,489.27)	39.31	9,547,598.63	(9,547,598.63)	100.00	18,926,743.31	(18,926,743.31)	100.00
2-3 years (inclusive)	2,324,483.25	(2,324,483.25)	100.00	12,841,235.81	(1,604,782.21)	12.50	18,684,921.82	(2,940,172.42)	15.74	10,983,822.88	(4,635,980.68)	42.21
Over 3 years	1,085,505.06	(1,085,505.06)	100.00	2,389,815.04	(2,389,815.04)	100.00	9,292,517.78	(183,333.98)	1.97	15,984,258.57	(1,828,167.57)	11.44
Total	1,034,788,432.13	(55,994,054.82)	5.41	904,606,997.32	(35,639,606.13)	3.94	1,040,924,272.90	(48,285,907.95)	4.64	1,037,627,953.24	(56,485,401.16)	5.44

(2) Disclosed by credit loss provision method

RMB

	31 December 2023				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	–	–	–	–	–
Credit loss allowance assessed on a portfolio basis					
Distributors	34,341,789.26	3.32	(1,997,465.08)	5.82	32,344,324.18
E-commerce	255,396,475.27	24.68	(1,370,104.61)	0.54	254,026,370.66
KA customers *(Note 1)*	211,849,059.19	20.47	(8,740,537.65)	4.13	203,108,521.54
Special channels *(Note 2)*	325,975,214.64	31.50	(37,314,260.59)	11.45	288,660,954.05
Others	207,225,893.77	20.03	(6,571,686.89)	3.17	200,654,206.88
Total	1,034,788,432.13	100.00	(55,994,054.82)	5.41	978,794,377.31

RMB

	31 December 2024				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	33,902,186.51	3.75	(7,148,471.78)	21.09	26,753,714.73
Credit loss allowance assessed on a portfolio basis					
Distributors	9,923,365.60	1.10	(1,183,028.91)	11.92	8,740,336.69
E-commerce	264,859,625.64	29.28	(696,595.40)	0.26	264,163,030.24
KA customers *(Note 1)*	230,827,486.53	25.52	(12,814,399.29)	5.55	218,013,087.24
Special channels *(Note 2)*	137,861,000.99	15.24	(6,381,281.59)	4.63	131,479,719.40
Others	227,233,332.05	25.11	(7,415,829.16)	3.26	219,817,502.89
Total	904,606,997.32	100.00	(35,639,606.13)	3.94	868,967,391.19

RMB

	31 December 2025				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	44,744,212.96	4.30	(19,890,279.76)	44.45	24,853,933.20
Credit loss allowance assessed on a portfolio basis					
Distributors	7,771,270.13	0.75	(722,165.36)	9.29	7,049,104.77
E-commerce	253,860,242.18	24.39	(667,573.11)	0.26	253,192,669.07
KA customers *(Note 1)*	243,028,789.32	23.35	(7,036,945.48)	2.90	235,991,843.84
Special channels *(Note 2)*	147,458,321.37	14.16	(9,839,845.93)	6.67	137,618,475.44
Others	344,061,436.94	33.05	(10,129,098.31)	2.94	333,932,338.63
Total	1,040,924,272.90	100.00	(48,285,907.95)	4.64	992,638,364.95

RMB

	30 June 2026				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	48,096,388.96	4.64	(27,592,455.76)	57.37	20,503,933.20
Credit loss allowance assessed on a portfolio basis					
Distributors	10,409,682.49	1.00	(772,378.87)	7.42	9,637,303.62
E-commerce	217,321,157.32	20.94	(554,999.03)	0.26	216,766,158.29
KA customers *(Note 1)*	250,396,989.96	24.13	(7,102,077.98)	2.84	243,294,911.98
Special channels *(Note 2)*	239,748,024.93	23.11	(13,477,991.28)	5.62	226,270,033.65
Others	271,655,709.58	26.18	(6,985,498.24)	2.57	264,670,211.34
Total	1,037,627,953.24	100.00	(56,485,401.16)	5.44	981,142,552.08

Note 1: KA customers refer to major national and regional supermarkets, mother-and-baby chain stores, and convenience store chains.

Note 2: The Group collectively refers to the sales channels mainly serving public sectors, schools and other public institutions, and certain state-owned enterprises as "special channels".

Credit loss allowance assessed on an individual basis

RMB

	31 December 2024			
Name	Gross carrying amount	Credit loss allowance	Proportion of allowance	Reason
			(%)	
Customer I	20,943,693.00	(302,605.30)	1.44	Guaranteed
Customer II	6,202,240.20	(89,613.17)	1.44	Guaranteed
Customer III	5,249,616.53	(5,249,616.53)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	1,506,636.78	(1,506,636.78)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	33,902,186.51	(7,148,471.78)	/	/

RMB

	31 December 2025			
Name	Gross carrying amount	Credit loss allowance	Proportion of allowance	Reason
			(%)	
Customer I	19,991,693.00	–	–	Guaranteed
Customer II	4,862,240.20	–	–	Guaranteed
Customer III	4,804,080.18	(4,804,080.18)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	1,332,862.85	(1,332,862.85)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer V	13,753,336.73	(13,753,336.73)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	44,744,212.96	(19,890,279.76)	/	/

RMB

	30 June 2026			
Name	Gross carrying amount	Credit loss allowance	Proportion of allowance *(%)*	Reason
Customer I	15,991,693.00	–	–	Guaranteed
Customer II	4,512,240.20	–	–	Guaranteed
Customer III	4,804,080.18	(4,804,080.18)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	1,009,664.13	(1,009,664.13)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer V	13,753,336.73	(13,753,336.73)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer VI	3,317,639.72	(3,317,639.72)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer VII	4,219,012.00	(4,219,012.00)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer VIII	488,723.00	(488,723.00)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	48,096,388.96	(27,592,455.76)	/	/

Credit loss allowance assessed on portfolios basis

As part of the Group's credit risk management, in addition to assessing ECL on an individual basis for accounts receivable with significantly different credit risk characteristics, the Group categorises accounts receivable into five portfolios, i.e. distributors, E-commerce, KA customers, special channels, and others based on the common risk characteristics. The Group uses debtors' aging to assess the impairment for its customers because for each portfolio the debtors' aging is representative of customers' abilities to pay all amounts due in accordance with the contractual terms. The aging of accounts receivable is based on the date of delivery of goods or services.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the credit risk exposure and lifetime ECL for each portfolio of accounts receivable are as follows:

RMB

	31 December 2023			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.79	32,933,839.89	(589,515.71)	32,344,324.18
1-2 years (inclusive)	100.00	353,271.12	(353,271.12)	–
2-3 years (inclusive)	100.00	14,417.40	(14,417.40)	–
Over 3 years	100.00	1,040,260.85	(1,040,260.85)	–
Total		34,341,789.26	(1,997,465.08)	32,344,324.18

RMB

	31 December 2023			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.21	254,560,948.66	(534,578.00)	254,026,370.66
1-2 years (inclusive)	100.00	816,247.56	(816,247.56)	–
2-3 years (inclusive)	100.00	19,279.05	(19,279.05)	–
Total		255,396,475.27	(1,370,104.61)	254,026,370.66

RMB

	31 December 2023			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.20	207,677,424.88	(4,568,903.34)	203,108,521.54
1-2 years (inclusive)	100.00	1,885,110.80	(1,885,110.80)	–
2-3 years (inclusive)	100.00	2,244,279.30	(2,244,279.30)	–
Over 3 years	100.00	42,244.21	(42,244.21)	–
Total		211,849,059.19	(8,740,537.65)	203,108,521.54

RMB

	31 December 2023			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.96	303,725,751.31	(15,064,797.26)	288,660,954.05
1-2 years (inclusive)	100.00	22,249,463.33	(22,249,463.33)	–
Total		325,975,214.64	(37,314,260.59)	288,660,954.05

RMB

	31 December 2023			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.07	202,824,428.24	(2,170,221.36)	200,654,206.88
1-2 years (inclusive)	100.00	4,351,958.03	(4,351,958.03)	–
2-3 years (inclusive)	100.00	46,507.50	(46,507.50)	–
Over 3 years	100.00	3,000.00	(3,000.00)	–
Total		207,225,893.77	(6,571,686.89)	200,654,206.88

RMB

	31 December 2024			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.15	8,932,382.92	(192,046.23)	8,740,336.69
1-2 years (inclusive)	100.00	632,288.64	(632,288.64)	–
2-3 years (inclusive)	100.00	200,793.77	(200,793.77)	–
Over 3 years	100.00	157,900.27	(157,900.27)	–
Total		9,923,365.60	(1,183,028.91)	8,740,336.69

RMB

	31 December 2024			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.22	264,745,470.27	(582,440.03)	264,163,030.24
1-2 years (inclusive)	100.00	114,155.37	(114,155.37)	–
Total		264,859,625.64	(696,595.40)	264,163,030.24

RMB

	31 December 2024			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.73	224,131,887.78	(6,118,800.54)	218,013,087.24
1-2 years (inclusive)	100.00	3,639,499.44	(3,639,499.44)	–
2-3 years (inclusive)	100.00	872,346.54	(872,346.54)	–
Over 3 years	100.00	2,183,752.77	(2,183,752.77)	–
Total		230,827,486.53	(12,814,399.29)	218,013,087.24

RMB

	31 December 2024			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.51	137,689,516.60	(6,209,797.20)	131,479,719.40
1-2 years (inclusive)	100.00	171,484.39	(171,484.39)	–
Total		137,861,000.99	(6,381,281.59)	131,479,719.40

RMB

	31 December 2024			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.53	223,232,967.29	(3,415,464.40)	219,817,502.89
1-2 years (inclusive)	100.00	3,585,291.06	(3,585,291.06)	–
2-3 years (inclusive)	100.00	366,911.70	(366,911.70)	–
Over 3 years	100.00	48,162.00	(48,162.00)	–
Total		227,233,332.05	(7,415,829.16)	219,817,502.89

RMB

	31 December 2025			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.63	7,165,558.77	(116,454.00)	7,049,104.77
1-2 years (inclusive)	100.00	8,215.06	(8,215.06)	–
2-3 years (inclusive)	100.00	414,162.32	(414,162.32)	–
Over 3 years	100.00	183,333.98	(183,333.98)	–
Total		7,771,270.13	(722,165.36)	7,049,104.77

RMB

	31 December 2025			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.24	253,791,747.14	(599,078.07)	253,192,669.07
1-2 years (inclusive)	100.00	68,495.04	(68,495.04)	–
Total		253,860,242.18	(667,573.11)	253,192,669.07

RMB

	31 December 2025			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.07	240,979,410.91	(4,987,567.07)	235,991,843.84
1-2 years (inclusive)	100.00	806,193.14	(806,193.14)	–
2-3 years (inclusive)	100.00	1,243,185.27	(1,243,185.27)	–
Total		243,028,789.32	(7,036,945.48)	235,991,843.84

RMB

	31 December 2025			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.99	144,853,561.03	(7,235,085.59)	137,618,475.44
1-2 years (inclusive)	100.00	2,604,760.34	(2,604,760.34)	–
Total		147,458,321.37	(9,839,845.93)	137,618,475.44

RMB

	31 December 2025			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.13	341,211,866.30	(7,279,527.67)	333,932,338.63
1-2 years (inclusive)	100.00	2,611,071.64	(2,611,071.64)	–
2-3 years (inclusive)	100.00	238,499.00	(238,499.00)	–
Total		344,061,436.94	(10,129,098.31)	333,932,338.63

RMB

	30 June 2026			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.70	9,803,971.13	(166,667.51)	9,637,303.62
1-2 years (inclusive)	100.00	8,215.06	(8,215.06)	–
2-3 years (inclusive)	100.00	–	–	–
Over 3 years	100.00	597,496.30	(597,496.30)	–
Total		10,409,682.49	(772,378.87)	9,637,303.62

RMB

	30 June 2026			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.22	217,244,095.30	(477,937.01)	216,766,158.29
1-2 years (inclusive)	100.00	77,062.02	(77,062.02)	–
Total		217,321,157.32	(554,999.03)	216,766,158.29

RMB

	30 June 2026			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.02	248,310,789.95	(5,015,877.97)	243,294,911.98
1-2 years (inclusive)	100.00	750,833.55	(750,833.55)	–
2-3 years (inclusive)	100.00	104,695.19	(104,695.19)	–
Over 3 years	100.00	1,230,671.27	(1,230,671.27)	–
Total		250,396,989.96	(7,102,077.98)	243,294,911.98

RMB

	30 June 2026			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.35	236,560,411.55	(10,290,377.90)	226,270,033.65
1-2 years (inclusive)	100.00	1,190,783.72	(1,190,783.72)	–
2-3 years (inclusive)	100.00	1,996,829.66	(1,996,829.66)	–
Total		239,748,024.93	(13,477,991.28)	226,270,033.65

RMB

	30 June 2026			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.00	270,071,644.22	(5,401,432.88)	264,670,211.34
1-2 years (inclusive)	100.00	1,347,060.36	(1,347,060.36)	–
2-3 years (inclusive)	100.00	237,005.00	(237,005.00)	–
Total		271,655,709.58	(6,985,498.24)	264,670,211.34

(3) Changes in credit loss allowance for accounts receivables

2023

RMB

		Changes for the year			
Items	**1 January 2023**	**Recognised**	**Reversed**	**Write-off**	**31 December 2023**
Credit loss allowance assessed on an individual basis	–	–	–	–	–
Credit loss allowance assessed on a portfolio basis	20,119,830.75	49,002,058.00	(12,075,792.82)	(1,052,041.11)	55,994,054.82
Total	20,119,830.75	49,002,058.00	(12,075,792.82)	(1,052,041.11)	55,994,054.82

2024

RMB

		Changes for the year			
Items	**1 January 2024**	**Recognised**	**Reversed**	**Write-off**	**31 December 2024**
Credit loss allowance assessed on an individual basis	–	7,148,471.78	–	–	7,148,471.78
Credit loss allowance assessed on a portfolio basis	55,994,054.82	15,539,084.91	(41,668,350.51)	(1,373,654.87)	28,491,134.35
Total	55,994,054.82	22,687,556.69	(41,668,350.51)	(1,373,654.87)	35,639,606.13

2025

RMB

		Changes for the year			
Items	**1 January 2025**	**Recognised**	**Reversed**	**Write-off**	**31 December 2025**
Credit loss allowance assessed on an individual basis	7,148,471.78	15,013,876.51	(2,272,068.53)	–	19,890,279.76
Credit loss allowance assessed on a portfolio basis	28,491,134.35	23,517,783.99	(20,389,924.47)	(3,223,365.68)	28,395,628.19
Total	35,639,606.13	38,531,660.50	(22,661,993.00)	(3,223,365.68)	48,285,907.95

Six months ended 30 June 2026

RMB

Items	1 January 2026	Changes for the period			30 June 2026
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	19,890,279.76	8,025,374.72	(323,198.72)	–	27,592,455.76
Credit loss allowance assessed on a portfolio basis	28,395,628.19	20,750,900.20	(20,228,861.82)	(24,721.17)	28,892,945.40
Total	48,285,907.95	28,776,274.92	(20,552,060.54)	(24,721.17)	56,485,401.16

(4) Credit loss allowance assessed using the simplified approach under ECL model

RMB

Items	2023		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Balance as at 1 January 2023	7,055,769.27	13,064,061.48	20,119,830.75
Changes due to financial instruments recognised as at 1 January 2023			
– Transferred to credit-impaired	(2,071,936.75)	2,071,936.75	–
Impairment losses recognised	22,928,015.67	26,074,042.33	49,002,058.00
Impairment losses reversed	(4,983,832.52)	(7,091,960.30)	(12,075,792.82)
Write-off	–	(1,052,041.11)	(1,052,041.11)
Balance as at 31 December 2023	22,928,015.67	33,066,039.15	55,994,054.82

RMB

Items	2024		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Balance as at 1 January 2024	22,928,015.67	33,066,039.15	55,994,054.82
Changes due to financial instruments recognised as at 1 January 2024			
– Transferred to credit-impaired	(122,801.92)	122,801.92	–
– Transferred from credit-impaired	11,401,183.80	(11,401,183.80)	–
Impairment losses recognised	16,910,766.87	5,776,789.82	22,687,556.69
Impairment losses reversed	(34,206,397.55)	(7,461,952.96)	(41,668,350.51)
Write-off	–	(1,373,654.87)	(1,373,654.87)
Balance as at 31 December 2024	16,910,766.87	18,728,839.26	35,639,606.13

RMB

Items	2025		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Balance as at 1 January 2025	16,910,766.87	18,728,839.26	35,639,606.13
Changes due to financial instruments recognised as at 1 January 2025			
– Transferred to credit-impaired	(567,434.69)	567,434.69	–
Impairment losses recognised	20,217,712.40	18,313,948.10	38,531,660.50
Impairment losses reversed	(16,343,332.18)	(6,318,660.82)	(22,661,993.00)
Write-off	–	(3,223,365.68)	(3,223,365.68)
Balance as at 31 December 2025	20,217,712.40	28,068,195.55	48,285,907.95

RMB

Items	Six months ended 30 June 2026		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Balance as at 1 January 2026	20,217,712.40	28,068,195.55	48,285,907.95
Changes due to financial instruments recognised as at 1 January 2026			
– Transferred to credit-impaired	(68,124.77)	68,124.77	–
Impairment losses recognised	20,071,605.48	8,704,669.44	28,776,274.92
Impairment losses reversed	(18,868,899.84)	(1,683,160.70)	(20,552,060.54)
Write-off	–	(24,721.17)	(24,721.17)
Balance as at 30 June 2026	21,352,293.27	35,133,107.89	56,485,401.16

(5) Accounts receivable actually written off in each year/period during the Track Record Period

In 2023, 2024, 2025 and the six months ended 30 June 2026, the Group had no significant write-offs of accounts receivable.

(6) Five largest debtors by accounts receivable at the end of each year/period during the Track Record Period

As at 31 December 2023

RMB

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	182,746,624.09	Within 1 year, (inclusive) 1-2 years (inclusive)	17.66	(572,058.90)
Second	Third party	78,184,177.05	Within 1 year (inclusive)	7.56	(836,570.69)
Third	Third party	63,736,376.91	Within 1 year, (inclusive) 1-2 years (inclusive)	6.16	(166,399.04)

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
Fourth	Third party	54,481,246.13	Within 1 year, (inclusive) 1-2 years (inclusive)	5.26	(2,769,021.15)
Fifth	Third party	30,734,817.66	Within 1 year (inclusive)	2.97	(676,165.99)
Total		409,883,241.84		39.61	(5,020,215.77)

As at 31 December 2024

RMB

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	166,895,648.23	Within 1 year, (inclusive) 1-2 years (inclusive)	18.45	(481,072.66)
Second	Third party	86,933,344.35	Within 1 year (inclusive)	9.61	(191,253.36)
Third	Third party	25,197,347.57	Within 1 year (inclusive)	2.79	(385,519.42)
Fourth	Third party	23,607,082.35	Within 1 year (inclusive)	2.61	(644,473.35)
Fifth	Third party	23,387,295.53	Within 1 year (inclusive)	2.59	(638,473.17)
Total		326,020,718.03		36.05	(2,340,791.96)

As at 31 December 2025

RMB

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	164,918,533.26	Within 1 year, (inclusive) 1-2 years (inclusive)	15.84	(485,036.88)
Second	Third party	72,110,406.88	Within 1 year (inclusive)	6.93	(1,538,427.45)
Third	Third party	50,854,740.76	Within 1 year (inclusive)	4.89	(1,052,543.99)
Fourth	Third party	47,663,511.66	Within 1 year (inclusive)	4.58	(249,782.85)
Fifth	Third party	46,446,368.55	Within 1 year (inclusive)	4.46	(990,902.31)
Total		381,993,561.11		36.70	(4,316,693.48)

As at 30 June 2026

RMB

Name	Relationship with the Group	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	91,021,524.01	Within 1 year, (inclusive)	8.77	(300,446.06)
Second	Third party	66,411,464.95	Within 1 year (inclusive)	6.40	(518,899.80)
Third	Third party	54,187,086.20	Within 1 year (inclusive)	5.22	(1,094,579.14)
Fourth	Third party	53,650,797.26	Within 1 year (inclusive)	5.17	(127,474.76)
Fifth	Third party	32,014,388.69	Within 1 year (inclusive)	3.09	(640,287.77)
Total		297,285,261.11		28.65	(2,681,687.53)

5. PREPAYMENTS

(1) Disclosed by aging

RMB

	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
Aging	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		(%)		*(%)*		*(%)*		*(%)*
Within 1 year (inclusive)	186,329,831.56	100.00	193,087,279.97	100.00	174,122,388.38	100.00	226,602,891.41	100.00
Total	186,329,831.56	100.00	193,087,279.97	100.00	174,122,388.38	100.00	226,602,891.41	100.00

(2) Five largest debtors by prepayments at the end of each year/period during the Track Record Period

As at 31 December 2023

RMB

Name	Relationship with the Group	Amount	Aging	Reasons for unsettled	Percentage of total balance
					(%)
First	Third party	25,115,074.34	Within 1 year (inclusive)	Goods not yet received	13.48
Second	Third party	19,313,986.92	Within 1 year (inclusive)	Goods not yet received	10.37
Third	Third party	12,708,102.10	Within 1 year (inclusive)	Services not yet accepted	6.82
Fourth	Third party	8,576,946.00	Within 1 year (inclusive)	Services not yet accepted	4.60
Fifth	Third party	6,639,075.02	Within 1 year (inclusive)	Goods not yet accepted	3.56
Total		72,353,184.38			38.83

As at 31 December 2024

RMB

Name	Relationship with the Group	Amount	Aging	Reasons for unsettled	Percentage of total balance
					(%)
First	Third party	38,982,934.99	Within 1 year (inclusive)	Goods not yet received	20.19
Second	Third party	27,019,547.17	Within 1 year (inclusive)	Services not yet accepted	13.99
Third	Third party	17,910,715.25	Within 1 year (inclusive)	Services not yet accepted	9.28
Fourth	Third party	12,642,461.60	Within 1 year (inclusive)	Goods not yet received	6.55
Fifth	Third party	10,928,397.71	Within 1 year (inclusive)	Goods not yet received	5.66
Total		107,484,056.72			55.67

As at 31 December 2025

RMB

Name	Relationship with the Group	Amount	Aging	Reasons for unsettled	Percentage of total balance
					(%)
First	Third party	43,741,639.58	Within 1 year (inclusive)	Goods not yet received	25.12
Second	Third party	19,887,777.61	Within 1 year (inclusive)	Goods not yet received	11.42
Third	Third party	13,759,983.98	Within 1 year (inclusive)	Goods not yet received	7.90
Fourth	Third party	10,483,753.17	Within 1 year (inclusive)	Goods not yet received	6.02
Fifth	Third party	5,645,319.37	Within 1 year (inclusive)	Goods not yet received	3.24
Total		93,518,473.71			53.70

As at 30 June 2026

RMB

Name	Relationship with the Group	Amount	Aging	Reasons for unsettled	Percentage of total balance
					(%)
First	Third party	38,963,056.98	Within 1 year (inclusive)	Goods not yet received	17.19
Second	Third party	34,054,007.80	Within 1 year (inclusive)	Services not yet accepted	15.03
Third	Third party	22,602,986.76	Within 1 year (inclusive)	Goods not yet received	9.97
Fourth	Third party	9,096,603.77	Within 1 year (inclusive)	Services not yet accepted	4.01
Fifth	Third party	8,546,601.25	Within 1 year (inclusive)	Goods not yet received	3.77
Total		113,263,256.56			49.97

6. OTHER RECEIVABLES

6.1 Summary of other receivables

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Other receivables	125,218,586.84	189,790,862.46	234,752,151.15	245,242,541.00
Total	125,218,586.84	189,790,862.46	234,752,151.15	245,242,541.00

6.2 Other receivables

(1) Disclosed by aging

RMB

Aging	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025			As at 30 June 2026		
	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance
			(%)			(%)			(%)			(%)
Within 1 year (inclusive)	85,105,215.63	(3,837,559.49)	4.51	140,824,522.66	(2,874,605.44)	2.04	144,797,094.15	(2,875,323.24)	1.99	73,683,989.78	(1,462,774.03)	1.99
1-2 years (inclusive)	26,951,969.71	(2,702,959.98)	10.03	23,442,360.90	(596,651.59)	2.55	83,872,005.04	(1,872,292.39)	2.23	164,433,946.46	(3,874,621.92)	2.36
2-3 years (inclusive)	6,076,920.47	(17,428.96)	0.29	17,470,433.22	(218,231.79)	1.25	5,640,955.35	(350,511.61)	6.21	9,613,265.87	(2,357,982.04)	24.53
3-4 years (inclusive)	3,445,134.20	(101,528.46)	2.95	799,058.31	(34,649.36)	4.34	3,295,745.92	(92,674.95)	2.81	2,498,013.90	(56,483.37)	2.26
4-5 years (inclusive)	752,944.10	(93,092.60)	12.36	3,414,140.03	(27,899.47)	0.82	724,926.56	(34,387.41)	4.74	1,080,218.47	(37,116.96)	3.44
Over 5 years	12,030,384.32	(2,391,412.10)	19.88	9,921,258.93	(2,328,873.94)	23.47	5,575,958.01	(3,929,344.28)	70.47	3,689,965.16	(1,967,880.32)	53.33
Total	134,362,568.43	(9,143,981.59)	6.81	195,871,774.05	(6,080,911.59)	3.10	243,906,685.03	(9,154,533.88)	3.75	254,999,399.64	(9,756,858.64)	3.83

(2) Disclosed by the nature of other receivables

RMB

Nature	31 December 2023 Gross carrying amount	31 December 2024 Gross carrying amount	31 December 2025 Gross carrying amount	30 June 2026 Gross carrying amount
Security deposits	66,727,497.69	57,587,161.80	53,515,899.90	47,722,725.32
Consideration receivables from asset disposals	18,328,188.18	48,135,476.97	63,575,110.49	52,036,953.79
Consideration receivables from equity disposals	–	29,120,000.00	67,873,622.31	82,424,462.31
Lease receivables	1,686,232.27	11,132,434.14	14,560,109.78	26,467,830.53
Third-party loan receivables *(Note)*	20,351,000.00	10,355,000.00	–	–
Employee loans and petty cash	1,223,477.05	331,828.28	102,257.48	637,657.94
Others	26,046,173.24	39,209,872.86	44,279,685.07	45,709,769.75
Total	134,362,568.43	195,871,774.05	243,906,685.03	254,999,399.64

Note: Third-party loan receivables mainly include industrial support funds which the Group provided to a third party in the form of loans from 1 January 2023 to 31 December 2025, with an annual interest rate of 4.75%, and no mortgage or guarantee arrangements. As at 31 December 2023, 2024, 2025, the gross carrying amount of such third-party loan receivables was RMB20,351,000.00, RMB9,950,000.00, RMBnil, respectively, with the loan receivable of RMB10,401,000.00 has been settled by the Group's accounts payable to this third party during the year of 2024, and the Group has recovered the remaining industrial support funds in 2025.

(3) Credit loss allowance assessed using the general approach under ECL model

RMB

Items	2023 12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2023	800,189.53	–	5,202,935.53	6,003,125.06
Impairment losses recognised	1,187,660.53	–	4,326,844.28	5,514,504.81
Impairment losses reversed	(524,513.89)	–	(332,268.30)	(856,782.19)
Write-off	–	–	(1,310,377.79)	(1,310,377.79)
Disposal of subsidiaries	(206,488.30)	–	–	(206,488.30)
Balance as at 31 December 2023	1,256,847.87	–	7,887,133.72	9,143,981.59

RMB

Items	2024 12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2024	1,256,847.87	–	7,887,133.72	9,143,981.59
Impairment losses recognised	2,831,820.46	–	619,195.36	3,451,015.82
Impairment losses reversed	(825,676.18)	–	(338,941.81)	(1,164,617.99)
Write-off	–	–	(5,349,467.83)	(5,349,467.83)
Balance as at 31 December 2024	3,262,992.15	–	2,817,919.44	6,080,911.59

RMB

Items	2025			
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2025	3,262,992.15	–	2,817,919.44	6,080,911.59
Impairment losses recognised	4,073,018.84	–	2,101,356.10	6,174,374.94
Impairment losses reversed	(2,552,842.21)	–	(452,554.35)	(3,005,396.56)
Write-off	–	–	(95,356.09)	(95,356.09)
Balance as at 31 December 2025	4,783,168.78	–	4,371,365.10	9,154,533.88

RMB

Items	Six months ended 30 June 2026			
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2026	4,783,168.78	–	4,371,365.10	9,154,533.88
Impairment losses recognised	1,069,564.57	–	184,670.90	1,254,235.47
Impairment losses reversed	(651,910.71)	–	–	(651,910.71)
Balance as at 30 June 2026	5,200,822.64	–	4,556,036.00	9,756,858.64

(4) Changes in credit loss allowance for other receivables

2023

RMB

Category	1 January 2023	Changes for the year				31 December 2023
		Recognised	Reversed	Write-off	Decrease due to disposal of subsidiaries	
Credit losses allowance assessed on an individual basis	5,202,935.53	4,326,844.28	(332,268.30)	(1,310,377.79)	–	7,887,133.72
Credit losses allowance assessed on a portfolio basis	800,189.53	1,187,660.53	(524,513.89)	–	(206,488.30)	1,256,847.87
Including: Third-party loan receivables, consideration receivables from disposal of assets etc.	785,066.98	1,177,188.19	(515,714.04)	–	(206,488.30)	1,240,052.83
Security deposits	12,722.00	7,494.55	(7,264.99)	–	–	12,951.56
Employee loans and petty cash	2,400.55	2,977.79	(1,534.86)	–	–	3,843.48
Total	6,003,125.06	5,514,504.81	(856,782.19)	(1,310,377.79)	(206,488.30)	9,143,981.59

2024

RMB

Category	1 January 2024	Changes for the year			31 December 2024
		Recognised	Reversed	Write-off	
Credit losses allowance assessed on an individual basis	7,887,133.72	619,195.36	(338,941.81)	(5,349,467.83)	2,817,919.44
Credit losses allowance assessed on a portfolio basis	1,256,847.87	2,831,820.46	(825,676.18)	–	3,262,992.15
Including: Third-party loan receivables, consideration receivables from disposal of assets, consideration receivables from equity disposals etc.	1,240,052.83	2,826,338.03	(816,703.94)	–	3,249,686.92
Security deposits	12,951.56	5,197.88	(5,150.69)	–	12,998.75
Employee loans and petty cash	3,843.48	284.55	(3,821.55)	–	306.48
Total	9,143,981.59	3,451,015.82	(1,164,617.99)	(5,349,467.83)	6,080,911.59

2025

RMB

Category	1 January 2025	Changes for the year			31 December 2025
		Recognised	Reversed	Write-off	
Credit losses allowance assessed on an individual basis	2,817,919.44	2,101,356.10	(452,554.35)	(95,356.09)	4,371,365.10
Credit losses allowance assessed on a portfolio basis	3,262,992.15	4,073,018.84	(2,552,842.21)	–	4,783,168.78
Including: Third-party loan receivables, consideration receivables from disposal of assets, consideration receivables from equity disposals etc.	3,249,686.92	4,065,690.58	(2,540,018.39)	–	4,775,359.11
Security deposits	12,998.75	7,305.25	(12,517.34)	–	7,786.66
Employee loans and petty cash	306.48	23.01	(306.48)	–	23.01
Total	6,080,911.59	6,174,374.94	(3,005,396.56)	(95,356.09)	9,154,533.88

Six months ended 30 June 2026

RMB

Category	1 January 2026	Changes for the period		30 June 2026
		Recognised	Reversed	
Credit losses allowance assessed on an individual basis	4,371,365.10	184,670.90	–	4,556,036.00

Category	1 January 2026	Changes for the period		30 June 2026
		Recognised	Reversed	
Credit losses allowance assessed on a portfolio basis	4,783,168.78	1,069,564.57	(651,910.71)	5,200,822.64
Including: Third-party loan receivables, consideration receivables from disposal of assets, consideration receivables from equity disposals etc.	4,775,359.11	1,064,062.92	(649,311.28)	5,190,110.75
Security deposits	7,786.66	5,076.39	(2,576.42)	10,286.63
Employee loans and petty cash	23.01	425.26	(23.01)	425.26
Total	9,154,533.88	1,254,235.47	(651,910.71)	9,756,858.64

(5) Other receivables actually written off in each year/period during the Track Record Period

In 2023, 2024, 2025 and the six months ended 30 June 2026, the Group had no significant write-offs of other receivables.

(6) Five largest debtors by other receivables at the end of each year/period during the Track Record Period

As at 31 December 2023

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third-party loan receivables	20,351,000.00	Within 1 year (inclusive)	15.15	(486,897.68)
Second	Consideration receivables from asset disposals and security deposits	14,500,000.00	Within 1 year (inclusive), 1-2 years (inclusive)	10.79	(109,912.50)
Third	Security deposits	6,050,000.00	Within 1 year (inclusive)	4.50	(1,361.25)
Fourth	Security deposits	5,846,606.00	Within 1 year (inclusive), 1-2 years (inclusive)	4.35	(1,315.49)
Fifth	Security deposits	5,779,089.95	Within 1 year (inclusive), 1-2 years (inclusive)	4.30	(1,300.30)
Total		52,526,695.95		39.09	(600,787.22)

As at 31 December 2024

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Consideration receivables from equity disposal, security deposits, and others	30,065,120.90	Within 1 year (inclusive)	15.35	(727,127.55)
Second	Consideration receivables from asset disposals and lease receivables	27,893,157.61	Within 1 year (inclusive)	14.24	(675,711.74)
Third	Consideration receivables from asset disposals and security deposits	14,500,000.00	Within 1 year (inclusive), 2-3 years (inclusive)	7.40	(111,262.50)
Fourth	Consideration receivables from asset disposals	12,996,500.00	Within 1 year (inclusive)	6.64	(314,840.21)
Fifth	Others	12,553,320.00	Within 1 year (inclusive)	6.41	(304,104.18)
Total		98,008,098.51		50.04	(2,133,046.18)

As at 31 December 2025

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Consideration receivables from equity disposal	53,313,622.31	Within 1 year (inclusive)	21.86	(1,361,910.09)
Second	Consideration receivables from asset disposals	52,732,495.30	Within 1 year (inclusive), 1-2 years (inclusive)	21.62	(1,347,065.05)
Third	Others	24,351,625.00	Within 1 year (inclusive)	9.98	(622,068.48)
Fourth	Consideration receivables from equity disposal	14,560,000.00	1-2 years (inclusive)	5.97	(371,938.92)
Fifth	Security deposits	10,000,000.00	Within 1 year (inclusive)	4.10	(2,250.00)
Total		154,957,742.61		63.53	(3,705,232.54)

As at 30 June 2026

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Consideration receivables from equity disposal	53,313,622.31	1-2 years (inclusive)	20.91	(1,363,495.89)
Second	Consideration receivables from asset disposals	44,217,085.36	1-2 years (inclusive)	17.34	(1,130,851.96)
Third	Others	24,351,625.00	1-2 years (inclusive)	9.55	(622,792.81)
Fourth	Consideration receivables from equity disposal	14,560,000.00	1-2 years (inclusive)	5.71	(372,372.00)
Fifth	Consideration receivables from equity disposal	14,550,840.00	Within 1 year (inclusive)	5.71	(372,137.73)
Total		150,993,172.67		59.22	(3,861,650.39)

7. INVENTORIES

(1) Categories of inventories

RMB

Items	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount
Raw materials	1,850,078,999.12	(93,794,924.14)	1,756,284,074.98	1,601,159,642.71	(53,728,420.82)	1,547,431,221.89	1,570,704,949.63	(73,947,665.54)	1,496,757,284.09	1,216,629,928.20	(66,581,762.02)	1,150,048,166.18
Properties for sale	–	–	–	–	–	–	681,008,180.79	(12,502,886.03)	668,505,294.76	–	–	–
Properties under development	949,242,148.66	(21,979,847.27)	927,262,301.39	1,088,588,949.82	(21,979,847.27)	1,066,609,102.55	–	–	–	–	–	–
Finished goods	301,842,998.28	(14,142,993.02)	287,700,005.26	353,573,993.11	(17,847,607.21)	335,726,385.90	260,781,590.55	(13,246,560.65)	247,535,029.90	167,662,009.68	(8,432,702.90)	159,229,306.78
Revolving materials	133,975,062.98	(1,244,266.35)	132,730,796.63	121,231,742.27	(972,522.67)	120,259,219.60	128,550,423.35	(949,545.55)	127,600,877.80	128,001,908.95	(4,637,382.11)	123,364,526.84
Packaging materials	101,774,210.15	(865,544.88)	100,908,665.27	118,729,476.81	(739,539.90)	117,989,936.91	106,984,616.15	(987,356.06)	105,997,260.09	108,648,345.84	(1,086,483.46)	107,561,862.38
Shipped goods	44,087,649.24	–	44,087,649.24	57,863,739.84	–	57,863,739.84	30,763,468.04	–	30,763,468.04	27,482,719.68	–	27,482,719.68
Low-value consumables	22,407,436.62	(184,010.59)	22,223,426.03	17,266,583.89	(181,197.76)	17,085,386.13	8,514,093.36	(23,855.05)	8,490,238.31	9,579,998.66	(22,894.38)	9,557,104.28
Consumable biological assets	84,240,855.00	(34,245,074.76)	49,995,780.24	–	–	–	–	–	–	–	–	–
Other	4,466,201.91	(292,556.91)	4,173,645.00	7,423,960.26	(100,353.71)	7,323,606.55	10,621,158.72	–	10,621,158.72	7,115,034.93	–	7,115,034.93
Total	3,492,115,561.96	(166,749,217.92)	3,325,366,344.04	3,365,838,088.71	(95,549,489.34)	3,270,288,599.37	2,797,928,480.59	(101,657,868.88)	2,696,270,611.71	1,665,119,945.94	(80,761,224.87)	1,584,358,721.07

Changes in consumable biological assets are set out below:

RMB

Items	Quantity (heads)	Cost as at 1 January 2023	Additions	Decreases			Quantity (heads)	Cost as at 31 December 2023
			Breeding (cultivation)	Death	Sales	Subtotal		
Beef cattle	7,641	126,166,297.46	84,998,260.47	(1,417,670.87)	(125,506,032.06)	(126,923,702.93)	4,101	84,240,855.00
Total	7,641	126,166,297.46	84,998,260.47	(1,417,670.87)	(125,506,032.06)	(126,923,702.93)	4,101	84,240,855.00

RMB

Items	Quantity (heads)	Cost as at 1 January 2024	Additions	Decreases			Decrease due to disposal of subsidiaries	Quantity (heads)	Cost as at 31 December 2024
			Breeding (cultivation)	Death	Sales	Subtotal			
Beef cattle	4,101	84,240,855.00	17,300,791.00	(54,838.29)	(99,071,517.59)	(99,126,355.88)	(2,415,290.12)	–	–
Total	4,101	84,240,855.00	17,300,791.00	(54,838.29)	(99,071,517.59)	(99,126,355.88)	(2,415,290.12)	–	–

Properties under development are set out below:

RMB

Items	Commencement date	Completion date	Estimated total investment	Gross carrying amount as at 31 December 2023	Gross carrying amount as at 31 December 2024	Gross carrying amount as at 31 December 2025	Gross carrying amount as at 30 June 2026
Junju Yuefu Project	20 January 2022	June 2025	1,254,000,000.00	940,551,595.78	1,054,114,487.22	–	–
Other project	10 September 2023	December 2025	62,000,000.00	8,690,552.88	34,474,462.60	–	–
Total				949,242,148.66	1,088,588,949.82	–	–

The properties for sale are set out below:

RMB

Items	Completion date	Gross carrying amount as at 1 January 2025	Additions	Decreases	Gross carrying amount as at 31 December 2025
Junju Yuefu Project	June 2025	–	1,212,781,424.90	(537,201,496.11)	675,579,928.79
Other project	December 2025	–	59,111,133.05	(53,682,881.05)	5,428,252.00
Total		–	1,271,892,557.95	(590,884,377.16)	681,008,180.79

RMB

Items	Completion date	Gross carrying amount as at 1 January 2026	Additions	Decreases[(Note)]	Gross carrying amount as at 30 June 2026
Junju Yuefu Project	June 2025	675,579,928.79	–	(675,579,928.79)	–
Other project	December 2025	5,428,252.00	–	(5,428,252.00)	–
Total		681,008,180.79	–	(681,008,180.79)	–

Note: The decrease in properties for sale is primarily attributable to the Group's reclassification of certain properties originally held for sale to properties held for own-use in March 2026, and such properties were consequently transferred to fixed assets.

(2) Provision for write-down of inventories

2023

RMB

Category	1 January 2023	Additions		Decreases		31 December 2023
		Provision	Others	Reversal or write-off	Decrease due to disposal of subsidiaries	
Raw materials	79,455,786.96	88,048,082.51	–	(71,261,293.76)	(2,447,651.57)	93,794,924.14
Consumable biological assets	11,150,996.30	30,777,499.56	–	(7,683,421.10)	–	34,245,074.76
Properties under development	21,243,927.13	735,920.14	–	–	–	21,979,847.27
Finished goods	20,624,154.83	14,142,993.02	–	(20,624,154.83)	–	14,142,993.02
Revolving materials	1,952,990.74	1,244,266.35	–	(1,952,990.74)	–	1,244,266.35
Packaging materials	1,500,900.02	865,544.88	–	(1,500,900.02)	–	865,544.88
Low-value consumables	321,370.20	184,010.59	–	(321,370.20)	–	184,010.59
Other	1,036,814.22	292,556.91	–	(1,036,814.22)	–	292,556.91
Total	137,286,940.40	136,290,873.96	–	(104,380,944.87)	(2,447,651.57)	166,749,217.92

2024

RMB

Category	1 January 2024	Additions		Decreases		31 December 2024
		Provision	Others	Reversal or write-off	Decrease due to disposal of subsidiaries	
Raw materials	93,794,924.14	45,128,322.39	–	(84,042,862.38)	(1,151,963.33)	53,728,420.82
Properties under development	21,979,847.27	–	–	–	–	21,979,847.27
Finished goods	14,142,993.02	18,565,169.04	–	(14,079,492.67)	(781,062.18)	17,847,607.21
Revolving materials	1,244,266.35	1,212,317.42	–	(1,484,061.10)	–	972,522.67
Packaging materials	865,544.88	1,006,081.80	–	(1,132,086.78)	–	739,539.90
Low-value consumables	184,010.59	96,361.98	–	(99,174.81)	–	181,197.76
Consumable biological assets	34,245,074.76	829,134.01	–	(35,062,940.16)	(11,268.61)	–
Other	292,556.91	100,353.71	–	(292,556.91)	–	100,353.71
Total	166,749,217.92	66,937,740.35	–	(136,193,174.81)	(1,944,294.12)	95,549,489.34

2025

RMB

Category	1 January 2025	Additions		Decreases		31 December 2025
		Provision	Others	Reversal or write-off	Others	
Raw materials	53,728,420.82	132,566,625.14	–	(112,347,380.42)	–	73,947,665.54
Finished goods	17,847,607.21	13,246,560.65	–	(17,847,607.21)	–	13,246,560.65
Properties for sale	–	–	21,979,847.27	(9,476,961.24)	–	12,502,886.03
Properties under development	21,979,847.27	–	–	–	(21,979,847.27)	–
Revolving materials	972,522.67	1,240,107.79	–	(1,263,084.91)	–	949,545.55
Packaging materials	739,539.90	987,356.06	–	(739,539.90)	–	987,356.06
Low-value consumables	181,197.76	23,855.05	–	(181,197.76)	–	23,855.05
Other	100,353.71	–	–	(100,353.71)	–	–
Total	95,549,489.34	148,064,504.69	21,979,847.27	(141,956,125.15)	(21,979,847.27)	101,657,868.88

Six months ended 30 June 2026

RMB

Category	1 January 2026	Additions		Decreases		30 June 2026
		Provision	Others	Reversal or write-off	Others	
Raw materials	73,947,665.54	82,523,127.15	–	(89,889,030.67)	–	66,581,762.02
Finished goods	13,246,560.65	8,432,702.90	–	(13,246,560.65)	–	8,432,702.90
Properties for sale	12,502,886.03	–	–	–	(12,502,886.03)	–
Properties under development	–	–	–	–	–	–
Revolving materials	949,545.55	4,637,382.11	–	(949,545.55)	–	4,637,382.11
Packaging materials	987,356.06	1,086,483.46	–	(987,356.06)	–	1,086,483.46
Low-value consumables	23,855.05	22,894.38	–	(23,855.05)	–	22,894.38
Total	101,657,868.88	96,702,590.00	–	(105,096,347.98)	(12,502,886.03)	80,761,224.87

Determination of net realisable value and reasons for reversals or write-offs of write-down provisions for each year/period during the Track Record Period:

Category	Determination of net realisable value	Reasons for reversals or write-offs
Raw materials, properties under development, packaging materials, low-value consumables, revolving materials	Net realisable value is determined based on the estimated selling price of the relevant finished goods/real estate projects, less the estimated costs of completion, estimated selling expenses, and relevant taxes and fees necessary to make the sale.	Sold/Consumed or changes in net realisable value
Properties for sale	Net realisable value is determined based on the estimated selling price of the real estate project, less estimated selling expenses and relevant taxes and fees.	Sold or changes in net realisable value

Category	Determination of net realisable value	Reasons for reversals or write-offs
Finished goods, consumable biological assets	Net realisable value is determined based on the estimated selling price of the inventory, less estimated selling expenses and relevant taxes and fees necessary to make the sale.	Sold or changes in net realisable value

8. OTHER CURRENT ASSETS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Input VAT to be certified	59,384,423.83	136,138,982.18	139,650,686.74	137,796,297.47
Prepaid expenses	64,595,001.85	47,606,227.85	53,917,621.92	74,811,415.93
Prepaid enterprise income tax	31,072,355.43	18,582,939.95	46,920,790.81	15,340,250.71
Input VAT to be deducted	46,327,147.45	18,897,027.29	34,776,191.46	35,748,529.53
Prepaid other taxes	7,272,089.04	11,363,217.74	12,774,492.94	25,331,810.42
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepaid VAT	8,781,467.89	14,708,111.58	7,648,490.85	995,000.00
Right to returned goods assets	4,122,238.20	1,458,925.76	1,584,348.48	1,689,320.34
Total	221,950,352.37	251,225,623.07	308,683,557.02	306,971,702.61

9. LONG-TERM RECEIVABLES

RMB

Items	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Amounts due from third-party dairy farms *(Note 1)*	35,383,520.90	(3,646,740.00)	31,736,780.90	–	–	–	17,989,881.25	–	17,989,881.25	16,169,339.11	(5,535,788.07)	10,633,551.04
Long-term lease deposits	10,000,000.00	–	10,000,000.00	–	–	–	–	–	–	–	–	–
Finance lease receivables *(Note 2)*	66,364,430.46	–	66,364,430.46	80,846,247.29	–	80,846,247.29	84,600,017.93	–	84,600,017.93	83,382,652.60	–	83,382,652.60
Total	111,747,951.36	(3,646,740.00)	108,101,211.36	80,846,247.29	–	80,846,247.29	102,589,899.18	–	102,589,899.18	99,551,991.71	(5,535,788.07)	94,016,203.64

Note 1: As at 31 December 2024, 31 December 2025 and 30 June 2026, the loans provided by the Group to third-party dairy farms classified in the non-current assets due within one year were RMB31,736,780.90, RMB7,743,787.36 and RMB7,127,353.03, respectively.

Note 2: As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group's finance lease receivables classified in the non-current assets due within one year were RMB3,377,521.41, RMB12,550,260.67, RMB14,451,474.02 and RMB7,549,015.64, respectively.

10. LONG-TERM EQUITY INVESTMENTS

(1) Long-term equity investments are as follows:

2023

RMB

Investee	As at 1 January 2023	Changes for the year: (Reduction in)/ Additional investment	Changes for the year: Increase in business combination	Changes for the year: Investment profit or loss recognised under equity method	Changes for the year: Declare and distribute cash dividends or profits	Changes for the year: Other changes	Changes for the year: Provision for impairment loss	As at 31 December 2023	Closing balance of provision for impairment loss
Associates:									
Sikeqi Hebei *(Note 1)*	6,427,854.18	–	–	1,841,791.76	–	(8,269,645.94)	–	–	–
Sinong (Shanghai) Nutrition Food Co., Ltd. (斯儂(上海)營養食品有限公司) ("Sinong")	1,609,764.34	(969,713.38)	–	410,927.98	(1,050,978.94)	–	–	–	–
Shanghai Cheespirit Shijia Health Technology Development Co., Ltd. (上海酪神世家健康科技發展有限公司) ("Shanghai Cheespirit") *(Note 2)*	8,928,769.00	–	–	(4,871,097.64)	–	–	(4,057,671.36)	–	(4,057,671.36)
Zhangjiakou Chia Tai Co., Ltd. (張家口正大有限公司) ("Zhangjiakou Chia Tai") *(Note 3)*	21,640,989.80	–	–	721,541.75	–	–	–	22,362,531.55	–
Hai Xing Jun Yi Animal Husbandry Co., Ltd. (海興縣君益牧業有限公司) ("Haixing Junyi") *(Note 4)*	22,402,398.22	–	–	(1,051,058.23)	–	–	–	21,351,339.99	–
Hai Xing Jun Yi Ermu Animal Husbandry Co., Ltd. (海興縣君益貳牧牧業有限公司) ("Junyi Ermu") *(Note 5)*	7,484,811.99	18,437,700.00	–	(747,652.90)	–	–	–	25,174,859.09	–
Hebei Pinyuan Biotechnology Co., Ltd. (河北品元生物科技有限公司) ("Pinyuan Biotechnology") *(Note 6)*	–	–	–	–	–	11,218,300.00	–	11,218,300.00	–
Shaanxi Aomeihui Dairy Technology Co., Ltd. (陝西澳美慧乳業科技有限公司) ("Shaanxi Aomeihui") *(Note 7)*	–	–	37,449,509.46	(2,606,074.07)	–	–	–	34,843,435.39	–
Dali Yunhe Dairy Co., Ltd. (大理雲禾乳業有限公司) ("Dali Yunhe")	–	–	5,130,652.88	13,654.29	–	–	–	5,144,307.17	–

Investee	As at 1 January 2023	Changes for the year					Provision for impairment loss	As at 31 December 2023	Closing balance of provision for impairment loss
		(Reduction in)/ Additional investment	Increase in business combination	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Other changes			
Shanghai Boyi Catering Management Co., Ltd. (上海伯邑餐飲管理有限公司) ("Shanghai Boyi") and Shanghai Mopai Catering Management Co., Ltd. (上海茉派餐飲管理有限公司) ("Shanghai Mopai") (collectively "Mopai Group") *(Note 8)*	–	210,000,000.00	–	(1,757,716.04)	–	–	–	208,242,283.96	–
Jinzhou Junrui Animal Husbandry Co., Ltd. (晉州市君瑞牧業有限公司) ("Junrui Animal Husbandry")	–	9,972,528.70	–	–	–	–	–	9,972,528.70	–
Shandong Junlebao Dairy Co., Ltd. (山東君樂寶乳業有限公司) ("Shandong Junlebao")	–	600,000.00	–	13,134.32	–	–	–	613,134.32	–
Henan Junlebao Dairy Co., Ltd. (河南君樂寶乳業有限公司) ("Henan Junlebao")	–	400,000.00	–	(9,099.74)	–	–	–	390,900.26	–
Dali Three Bell Food Sales Co., Ltd. (大理三個鈴鐺食品銷售有限公司) ("Dali Food")	–	340,000.00	–	–	–	–	–	340,000.00	–
Total	68,494,587.53	238,780,515.32	42,580,162.34	(8,041,648.52)	(1,050,978.94)	2,948,654.06	(4,057,671.36)	339,653,620.43	(4,057,671.36)

2024

RMB

Investee	As at 1 January 2024	Changes for the year						As at 31 December 2024	Closing balance of provision for impairment loss
		Additional investment	Increase in business combination	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Other changes	Provision for impairment loss		
Associates									
Junhong Animal Husbandry *(Note 9)*	–	–	–	2,224,583.83	–	178,380,000.00	–	180,604,583.83	–
Junkang Animal Husbandry *(Note 9)*	–	–	–	3,379,519.79	–	149,220,000.00	–	152,599,519.79	–
Mopai Group *(Note 8)*	208,242,283.96	–	–	1,785,960.83	–	–	(60,000,000.00)	150,028,244.79	(60,000,000.00)
OLLO HOLDINGS LIMITED *(Note 10)*	–	43,423,666.66	–	(1,286,011.31)	–	–	–	42,137,655.35	–
Shaanxi Aomeihui *(Note 7)*	34,843,435.39	–	–	(6,018,709.05)	–	–	(4,000,000.00)	24,824,726.34	(4,000,000.00)
Zhangjiakou Chia Tai *(Note 3)*	22,362,531.55	–	–	646,317.97	–	–	–	23,008,849.52	–
Junrui Animal Husbandry	9,972,528.70	–	–	303,914.64	–	–	–	10,276,443.34	–
Pinyuan Biotechnology *(Note 6)*	11,218,300.00	–	–	(4,722,283.13)	–	–	–	6,496,016.87	–
Dali Yunhe	5,144,307.17	–	–	37,035.76	–	–	–	5,181,342.93	–
Zanhuang Jialeyuan *(Note 11)*	–	–	–	(19,218.34)	–	3,361,427.96	–	3,342,209.62	–
Shandong Junlebao	613,134.32	–	–	24,443.16	–	–	–	637,577.48	–
Shanxi Junlebao Dairy Co., Ltd. (山西君樂寶乳業有限公司) ("Shanxi Junlebao")	–	400,000.00	–	11,941.60	–	–	–	411,941.60	–
Haixing Junyi *(Note 4)*	21,351,339.99	–	–	926,919.56	–	–	–	22,278,259.55	–
Junyi Ermu *(Note 5)*	25,174,859.09	–	–	(678,390.51)	–	–	–	24,496,468.58	–
Henan Junlebao	390,900.26	–	–	(86,399.33)	–	–	–	304,500.93	–
Dali Food	340,000.00	–	–	(76,447.47)	–	–	–	263,552.53	–
Beijing Junlebao Dairy Co., Ltd. (北京君樂寶乳業有限公司) ("Beijing Junlebao")	–	200,000.00	–	(65,728.45)	–	–	–	134,271.55	–
Shanghai Cheespirit *(Note 2)*	–	–	–	–	–	–	–	–	(4,057,671.36)
Total	339,653,620.43	44,023,666.66	–	(3,612,550.45)	–	330,961,427.96	(64,000,000.00)	647,026,164.60	(68,057,671.36)

2025

RMB

Investee	As at 1 January 2025	Changes for the year						As at 31 December 2025	Closing balance of provision for impairment loss
		Additional investment	Increase in business combination	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Other changes	Provision for impairment loss		
Associates									
Junhong Animal Husbandry *(Note 9)*	180,604,583.83	–	–	26,376,752.04	(22,500,000.00)	–	–	184,481,335.87	–
Junkang Animal Husbandry *(Note 9)*	152,599,519.79	–	–	38,736,357.95	–	–	–	191,335,877.74	–
OLLO HOLDINGS LIMITED *(Note 10)*	42,137,655.35	–	–	(1,400,000.00)	–	–	–	40,737,655.35	–
Shaanxi Aomeihui *(Note 7)*	24,824,726.34	–	–	(3,312,762.43)	–	–	–	21,511,963.91	(4,000,000.00)
Zhangjiakou Chia Tai *(Note 3)*	23,008,849.52	–	–	873,481.88	–	–	–	23,882,331.40	–
Junrui Animal Husbandry	10,276,443.34	27,471.30	–	972,455.31	–	–	–	11,276,369.95	–
Pinyuan Biotechnology *(Note 6)*	6,496,016.87	–	–	3,539,706.42	–	–	–	10,035,723.29	–
Dali Yunhe	5,181,342.93	–	–	75,642.55	–	–	–	5,256,985.48	–
Zanhuang Jialeyuan *(Note 11)*	3,342,209.62	–	–	(57,072.38)	–	–	–	3,285,137.24	–
Shandong Junlebao	637,577.48	–	–	43,860.60	–	–	–	681,438.08	–
Shanxi Junlebao	411,941.60	–	–	(47,025.90)	–	–	–	364,915.70	–
Haixing Junyi *(Note 4)*	22,278,259.55	–	–	2,297,507.22	–	–	–	24,575,766.77	–
Junyi Ermu *(Note 5)*	24,496,468.58	–	–	(953,113.96)	–	–	–	23,543,354.62	–
Henan Junlebao	304,500.93	–	–	(120,140.75)	–	–	–	184,360.18	–
Dali Food	263,552.53	–	–	(51,574.75)	–	–	–	211,977.78	–
Beijing Junlebao	134,271.55	(88,301.17)	–	(45,970.38)	–	–	–	–	–
Shanghai Cheespirit *(Note 2)*	–	–	–	–	–	–	–	–	(4,057,671.36)
Joint Venture									
Mopai Group *(Note 8)*	150,028,244.79	–	–	9,826,788.43	–	(550,000.00)	–	159,305,033.22	(60,000,000.00)
Total	647,026,164.60	(60,829.87)	–	76,754,891.85	(22,500,000.00)	(550,000.00)	–	700,670,226.58	(68,057,671.36)

Six months ended 30 June 2026

RMB

Investee	As at 1 January 2026	Changes for the period: (Reduction in)/ Additional investment	Changes for the period: Increase in business combination	Changes for the period: Investment profit or loss recognised under equity method	Changes for the period: Declare and distribute cash dividends or profits	Changes for the period: Other changes	Changes for the period: Provision for impairment loss	As at 30 June 2026	Closing balance of provision for impairment loss
Associates									
Junhong Animal Husbandry *(Note 9)*	184,481,335.87	–	–	11,565,755.15	–	–	–	196,047,091.02	–
Junkang Animal Husbandry *(Note 9)*	191,335,877.74	–	–	15,895,354.97	–	–	–	207,231,232.71	–
OLLO HOLDINGS LIMITED *(Note 10)*	40,737,655.35	–	–	(1,150,634.63)	–	–	–	39,587,020.72	–
Shaanxi Aomeihui *(Note 7)*	21,511,963.91	–	–	(1,975,703.42)	–	–	–	19,536,260.49	(4,000,000.00)
Zhangjiakou Chia Tai *(Note 3)*	23,882,331.40	–	–	352,892.54	–	–	–	24,235,223.94	–
Junrui Animal Husbandry	11,276,369.95	–	–	358,802.45	–	–	–	11,635,172.40	–
Pinyuan Biotechnology *(Note 6)*	10,035,723.29	–	–	5,978,124.75	–	–	–	16,013,848.04	–
Dali Yunhe	5,256,985.48	–	–	(411,873.14)	–	–	–	4,845,112.34	–
Zanhuang Jialeyuan *(Note 11)*	3,285,137.24	–	–	(133,729.37)	–	–	–	3,151,407.87	–
Shandong Junlebao	681,438.08	–	–	50,165.20	–	–	–	731,603.28	–
Shanxi Junlebao	364,915.70	–	–	22,754.72	–	–	–	387,670.42	–
Haixing Junyi *(Note 4)*	24,575,766.77	–	–	497,973.19	(1,798,400.00)	–	–	23,275,339.96	–
Junyi Ermu *(Note 5)*	23,543,354.62	–	–	992,491.26	–	–	–	24,535,845.88	–
Henan Junlebao	184,360.18	–	–	61,260.14	–	–	–	245,620.32	–
Dali Food	211,977.78	(211,977.78)	–	–	–	–	–	–	–
Shanghai Cheespirit *(Note 2)*	–	–	–	–	–	–	–	–	(4,057,671.36)
Hebei Jingze Supply Chain Co., Ltd. ("Jingze Supply Chain") *(Note 12)*	–	400,000.00	–	(9,968.57)	–	–	–	390,031.43	–
Joint Venture									
Mopai Group *(Note 8)*	159,305,033.22	–	–	9,852,937.01	–	–	–	169,157,970.23	(60,000,000.00)
Total	700,670,226.58	188,022.22	–	41,946,602.25	(1,798,400.00)	–	–	741,006,451.05	(68,057,671.36)

Note 1: In 2023, the Group acquired an additional 30.00% equity interest in Sikeqi Hebei. Upon completion of the acquisition, the Group obtained control over Sikeqi Hebei and its non-wholly-owned subsidiary, Sikeqi Food Technology (Shandong) Co., Ltd. (思克奇食品科技(山東)有限公司) ("Sikeqi Shandong"). For details, please refer to Note (VII)1.

Note 2: The Group holds 8.79% equity interest in Shanghai Cheespirit. According to the articles of association of Shanghai Cheespirit, the Group has the right to appoint one out of the five directors of Shanghai Cheespirit and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 3: The Group holds 40.00% equity interest in Zhangjiakou Chia Tai. According to the articles of association of Zhangjiakou Chia Tai, the Group has the right to appoint three out of the seven directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 4: The Group holds 22.48% equity interest in Haixing Junyi. The Group has the right to appoint two out of the five directors of Haixing Junyi. According to the Company Law, board resolutions require the approval of a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 5: The Group holds 35.00% equity interest in Junyi Ermu. The Group has the right to appoint two out of the five directors of Junyi Ermu. According to the Company Law, board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 6: In December 2023, the Group disposed of its 71.95% equity interest in its former subsidiary, Pinyuan Biotechnology, and accounted for the remaining investments of 28.05% equity interest as associates using the equity method. For details, please refer to Note (VII) 2. According to the articles of association of Pinyuan Biotechnology, Pinyuan Biotechnology has no Board of directors but only one executive director, who is appointed by the shareholders' meeting. Resolutions of the shareholders' meeting generally require approval by shareholders representing more than half of the voting rights, except for matters such as amendments to the articles of association, increases or decreases in registered capital, etc. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 7: The Group holds 17.84% equity interest in Shaanxi Aomeihui. According to the articles of association of Shaanxi Aomeihui, the Group has the right to appoint two out of the seven directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 8: In December 2023, the Group acquired 30.00% equity interest in Shanghai Boyi and Shanghai Mopai respectively. According to the articles of association of Shanghai Boyi and Shanghai Mopai, the Group has the right to appoint one out of the three directors of these two investees and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over these entities, and the equity method of accounting is applied. In November 2025, Shanghai Boyi entered into a share transfer agreement with the Group and Gu Hao, an individual shareholder of Shanghai Boyi, agreeing to transfer its investment in Shanghai Boyi to the Group for a consideration of RMBnil. In the same month, Shanghai Maopai entered into an equity repurchase agreement with the individual shareholder Zhao Bohua, agreeing to repurchase his total investment in Shanghai Maopai for a consideration of RMB63 million. Upon the completion of this transaction, the Group and another individual shareholder, Gu Hao, held 42.86% and 57.14% of the equity interests in Shanghai Boyi and Shanghai Maopai, respectively. According to the amended articles of association, the board of directors of Shanghai Boyi and Shanghai Maopai consists of three members: one nominated by the Group, one nominated by Gu Hao, and the third being the general manager elected by the shareholders' meeting. Resolutions of the board are effective only if approved by more than two-thirds of all directors, including the director nominated by the Group and the director nominated by Gu Hao. As a result, the Group exercises joint control over Shanghai Boyi and Shanghai Maopai and accounts for these investments using the equity method. The Group adjusted the carrying amount of its long-term equity investments by RMB550,000, representing its share of the net equity in Shanghai Boyi and Shanghai Maopai based on the post-transaction ownership percentage, with the corresponding amount recognized in capital reserve.

Note 9: In November 2024, the Group disposed of its 6.00% equity interest in its former subsidiaries Junhong Animal Husbandry and Junkang Animal Husbandry, respectively, to Adopt A Cow Holding Group Co., Ltd., (認養一頭牛控股集團股份有限公司) ("Adopt Group"), and accounted for the remaining investments of 45.00% equity interest as associates using the equity method. For details, please refer to Note (VII) 2. According to the articles of association of Junhong Animal Husbandry and Junkang Animal Husbandry, the Group has the right to appoint one out of the three directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entities, and the equity method of accounting is applied.

Note 10: In June 2024, the Group acquired 10.00% equity interest in OLLO HOLDINGS LIMITED. According to the articles of association of OLLO HOLDINGS LIMITED, the Group has the right to appoint one out of the five directors and board resolutions require approval by a majority of the directors present. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 11: In 2023, pursuant to the articles of association of Zanhuang Jialeyuan, the Group had right to appoint three out of five directors, thereby was able to exercise control over Zanhuang Jialeyuan which was consolidated by the Group accordingly. In 2024, the Group's subsidiary, Junchuang Animal Husbandry, entered into an agreement with the minority shareholders of Zanhuang Jialeyuan to redefine the equity proportions based on the amounts of capital actually contributed, and amended the articles of association of Zanhuang Jialeyuan. Pursuant to this agreement, the minority shareholders contributed RMB16,629,840.00, representing 80.61% equity interest, while Junchuang Animal Husbandry contributed RMB4,000,000.00, representing the rest of 19.39% equity interest. According to the amended articles of association of Zanhuang Jialeyuan, the Group has the right to appoint one out of the three directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

Note 12: The Group holds 20.00% equity interest in Jingze Supply Chain. According to the articles of association of Jingze Supply Chain, the Group has the right to appoint one out of the five directors and board resolutions require approval by a majority of all directors. Therefore, the Group does not have control or joint control over the entity, and the equity method of accounting is applied.

(2) Impairment assessment of long-term equity investments

As at 30 June 2024 (Note)

Recoverable amount is determined based on the present value of expected future cash flows.

RMB'000

Item	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Mopai Group. .	213,056	153,300	(60,000)	5 years	1. Pre-tax discount rate: 18.10% 2. Revenue growth rate of the forecast period: (45.0%)-25.1% 3. Gross margin ratio of the forecast period: 22.8%-28.0%	1. Pre-tax discount rate: 18.10% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 27.8%	1. Discount rate is the discount rate before tax reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.

Note: In the first half of 2024, due to the store contraction and underperformance against expectation, management identified impairment indicators for the equity investment of Mopai Group and performed an impairment test as at 30 June 2024. As at 31 December 2024, 31 December 2025 and 30 June 2026, there is no further impairment indication identified.

11. INVESTMENTS IN OTHER EQUITY INSTRUMENTS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Shijiazhuang Luquan Rural Commercial Bank Co., Ltd. (石家莊鹿泉農村商業銀行股份有限公司) ("Luquan Rural Commercial Bank")	3,359,750.00	3,359,750.00	3,359,750.00	3,359,750.00
Hebei Inatural Bio-Tech Co., Ltd. (河北一然生物科技股份有限公司) ("Inatural Bio-Tech") *(Note 1)*	74,000,000.00	81,400,000.00	81,400,000.00	81,400,000.00
Yunnan Dali Rural Commercial Bank Co., Ltd. (雲南大理市農村商業銀行股份有限公司) ("Dali Rural Commercial Bank")	9,190,000.00	9,190,000.00	9,190,000.00	–
Inner Mongolia National Dairy Technology Innovation Center Co., Ltd. (內蒙古國家乳業技術創新中心有限責任公司) ("Mongolia Dairy Innovation")	700,000.00	700,000.00	700,000.00	700,000.00
Total	87,249,750.00	94,649,750.00	94,649,750.00	85,459,750.00

Note 1: In 2023, the Group entered into share transfer agreements with individual shareholders to acquire a total of 4.93% equity interest in Inatural Bio-Tech. The Group designated the equity investment as a financial asset at fair value through other comprehensive income upon initial recognition, and presented it under investments in other equity instruments.

2023

RMB

Items	Dividend income recognised in the year	Losses for the year	Accumulated losses	Amount transferred from other comprehensive income to retained earnings for the year	Reasons for designation as equity investment at fair value through other comprehensive income	Reasons for the transfer from other comprehensive income to retained earnings for the year
Luquan Rural Commercial Bank	500,962.50	–	–	–	Strategic Investment	/
Dali Lesson Dairy and Yunnan Lesson Dairy ("Lesson Dairy")	1,650,809.55	(1,755,000.00)	(1,406,000.00)	(1,406,000.00)	Strategic Investment	In July 2023, the Company obtained control of Lesson Dairy.
Total	2,151,772.05	(1,755,000.00)	(1,406,000.00)	(1,406,000.00)		

2024

RMB

Items	Dividend income recognised in the year	Gains for the year	Accumulated gains	Amount transferred from other comprehensive income to retained earnings for the year	Reasons for designation as equity investment at fair value through other comprehensive income	Reasons for the transfer from other comprehensive income to retained earnings for the year
Luquan Rural Commercial Bank	500,962.50	–	–	–	Strategic Investment	/
Dali Rural Commercial Bank	493,081.68	–	–	–	Strategic Investment	/
Inatural Bio-Tech	–	7,400,000.00	7,400,000.00	–	Strategic Investment	/
Total	994,044.18	7,400,000.00	7,400,000.00	–		

2025

RMB

Items	Dividend income recognised in the year	Gains for the year	Accumulated gains	Amount transferred from other comprehensive income to retained earnings for the year	Reasons for designation as equity investment at fair value through other comprehensive income	Reasons for the transfer from other comprehensive income to retained earnings for the year
Luquan Rural Commercial Bank	166,987.50	–	–	–	Strategic Investment	/
Dali Rural Commercial Bank	308,176.05	–	–	–	Strategic Investment	/
Inatural Bio-Tech	1,850,000.00	–	7,400,000.00	–	Strategic Investment	/
Total	2,325,163.55	–	7,400,000.00	–		

Six months ended 30 June 2026

RMB

Items	Dividend income recognised in the period	Gains for the period	Accumulated gains	Amount transferred from other comprehensive income to retained earnings for the period	Reasons for designation as equity investment at fair value through other comprehensive income	Reasons for the transfer from other comprehensive income to retained earnings for the period
Dali Rural Commercial Bank	–	5,360,840.00	5,360,840.00	5,360,840.00	Strategic Investment	disposal
Inatural Bio-Tech	–	–	7,400,000.00	–	Strategic Investment	/
Total	–	5,360,840.00	12,760,840.00	5,360,840.00		

12. FIXED ASSETS

(1) Details of fixed assets

RMB

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
I. Cost					
As at 1 January 2023	5,276,577,454.99	4,747,462,680.83	206,625,840.79	89,747,020.14	10,320,412,996.75
Additions	1,156,245,045.08	1,091,798,253.87	24,992,548.79	20,159,313.01	2,293,195,160.75
(1) Purchases	21,666,905.00	92,895,989.43	21,150,346.00	16,310,898.00	152,024,138.43
(2) Transfer from construction in progress	634,759,282.02	602,132,031.26	1,043,712.47	–	1,237,935,025.75
(3) Increase from business combinations	499,818,858.06	396,770,233.18	2,798,490.32	3,848,415.01	903,235,996.57
Decreases	(88,629,296.75)	(135,988,569.89)	(8,743,085.37)	(5,868,192.89)	(239,229,144.90)
(1) Disposals or write-offs	(67,757,581.65)	(119,564,263.54)	(8,478,990.68)	(5,655,991.95)	(201,456,827.82)
(2) Transfer to construction in progress	(14,404,455.15)	(11,768,306.34)	–	–	(26,172,761.49)
(3) Disposal of subsidiaries	(6,467,259.95)	(4,656,000.01)	(264,094.69)	(212,200.94)	(11,599,555.59)
As at 31 December 2023	6,344,193,203.32	5,703,272,364.81	222,875,304.21	104,038,140.26	12,374,379,012.60
Additions	475,909,996.46	708,762,823.17	13,878,944.38	5,637,894.56	1,204,189,658.57
(1) Purchases	7,351,974.06	108,205,414.57	12,166,544.78	5,637,894.56	133,361,827.97
(2) Transfer from construction in progress	468,558,022.40	600,557,408.60	1,712,399.60	–	1,070,827,830.60
Decreases	(351,740,938.85)	(183,675,060.74)	(11,809,011.26)	(12,192,793.56)	(559,417,804.41)
(1) Disposals or write-offs	(87,269,979.09)	(98,781,157.25)	(8,724,024.59)	(4,085,090.01)	(198,860,250.94)
(2) Transfer to construction in progress	(238,085.78)	(16,705,696.70)	–	–	(16,943,782.48)
(3) Disposal of subsidiaries	(264,232,873.98)	(68,188,206.79)	(3,084,986.67)	(8,107,703.55)	(343,613,770.99)
As at 31 December 2024	6,468,362,260.93	6,228,360,127.24	224,945,237.33	97,483,241.26	13,019,150,866.76
Additions	235,792,242.87	531,412,513.42	12,072,511.97	5,925,214.03	785,202,482.29
(1) Purchases	–	60,731,854.62	10,763,665.76	5,925,214.03	77,420,734.41
(2) Transfer from construction in progress	235,792,242.87	470,680,658.80	1,308,846.21	–	707,781,747.88
Decreases	(42,625,207.44)	(255,533,424.83)	(9,796,252.72)	(4,009,640.65)	(311,964,525.64)
(1) Disposals or write-offs	(8,875,827.79)	(132,690,165.36)	(9,582,783.51)	(1,981,966.31)	(153,130,742.97)
(2) Transfer to construction in progress	(4,217,154.65)	(109,786,989.07)	–	–	(114,004,143.72)
(3) Disposal of subsidiaries	(29,532,225.00)	(13,056,270.40)	(213,469.21)	(2,027,674.34)	(44,829,638.95)
As at 31 December 2025	6,661,529,296.36	6,504,239,215.83	227,221,496.58	99,398,814.64	13,492,388,823.41
Additions	820,401,425.12	397,513,994.04	12,911,004.24	1,940,958.47	1,232,767,381.87
(1) Purchases	9,220,177.90	21,559,192.75	12,238,752.31	1,940,958.47	44,959,081.43
(2) Transfer from construction in progress	146,994,632.97	375,954,801.29	672,251.93	–	523,621,686.19
(3) Other additions	664,186,614.25	–	–	–	664,186,614.25
Decreases	(6,505,519.96)	(60,143,238.92)	(22,187,888.44)	(3,472,802.72)	(92,309,450.04)
(1) Disposals or write-offs	(6,505,519.96)	(35,506,721.59)	(22,187,888.44)	(3,472,802.72)	(67,672,932.71)
(2) Transfer to construction in progress	–	(24,636,517.33)	–	–	(24,636,517.33)
As at 30 June 2026	7,475,425,201.52	6,841,609,970.95	217,944,612.38	97,866,970.39	14,632,846,755.24

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
II. Accumulated depreciation					
As at 1 January 2023	1,207,140,834.40	1,894,665,463.70	131,057,099.31	56,065,552.33	3,288,928,949.74
Additions	306,674,066.87	511,486,568.42	28,788,421.10	13,789,830.75	860,738,887.14
(1) Charge for the year	306,674,066.87	511,486,568.42	28,788,421.10	13,789,830.75	860,738,887.14
Decreases	(27,731,925.39)	(48,615,967.63)	(6,115,299.75)	(5,548,391.68)	(88,011,584.45)
(1) Disposals or write-offs	(21,427,655.72)	(41,583,469.95)	(6,011,368.64)	(5,468,424.56)	(74,490,918.87)
(2) Transfer to construction in progress	(6,171,108.67)	(6,587,034.00)	–	–	(12,758,142.67)
(3) Disposal of subsidiaries	(133,161.00)	(445,463.68)	(103,931.11)	(79,967.12)	(762,522.91)
As at 31 December 2023	1,486,082,975.88	2,357,536,064.49	153,730,220.66	64,306,991.40	4,061,656,252.43
Additions	333,237,654.44	588,642,021.47	29,674,440.85	14,393,966.62	965,948,083.38
(1) Charge for the year	333,237,654.44	588,642,021.47	29,674,440.85	14,393,966.62	965,948,083.38
Decreases	(94,032,952.13)	(93,095,143.79)	(7,926,884.79)	(9,090,346.67)	(204,145,327.38)
(1) Disposals or write-offs	(47,057,506.88)	(63,095,683.48)	(5,709,507.26)	(2,982,191.71)	(118,844,889.33)
(2) Transfer to construction in progress	(153,409.85)	(5,319,556.18)	–	–	(5,472,966.03)
(3) Disposal of subsidiaries	(46,822,035.40)	(24,679,904.13)	(2,217,377.53)	(6,108,154.96)	(79,827,472.02)
As at 31 December 2024	1,725,287,678.19	2,853,082,942.17	175,477,776.72	69,610,611.35	4,823,459,008.43
Additions	334,131,515.81	561,216,666.14	21,174,066.26	12,255,672.80	928,777,921.01
(1) Charge for the year	334,131,515.81	561,216,666.14	21,174,066.26	12,255,672.80	928,777,921.01
Decreases	(6,213,591.27)	(137,361,776.06)	(9,234,462.67)	(2,181,192.07)	(154,991,022.07)
(1) Disposals or write-offs	(4,892,167.97)	(88,683,553.23)	(9,166,864.80)	(1,784,060.12)	(104,526,646.12)
(2) Transfer to construction in progress	(492,752.84)	(48,088,536.67)	–	–	(48,581,289.51)
(3) Disposal of subsidiaries	(828,670.46)	(589,686.16)	(67,597.87)	(397,131.95)	(1,883,086.44)
As at 31 December 2025	2,053,205,602.73	3,276,937,832.25	187,417,380.31	79,685,092.08	5,597,245,907.37
Additions	173,880,634.69	281,074,044.51	15,324,767.10	5,038,045.40	475,317,491.70
(1) Charge for the period	173,880,634.69	281,074,044.51	15,324,767.10	5,038,045.40	475,317,491.70
Decreases	(5,836,230.41)	(40,316,353.84)	(21,451,098.55)	(3,168,314.82)	(70,771,997.62)
(1) Disposals or write-offs	(5,836,230.41)	(24,651,457.17)	(21,451,098.55)	(3,168,314.82)	(55,107,100.95)
(2) Transfer to construction in progress	–	(15,664,896.67)	–	–	(15,664,896.67)
As at 30 June 2026	2,221,250,007.01	3,517,695,522.92	181,291,048.86	81,554,822.66	6,001,791,401.45
III. Provision for impairment					
As at 1 January 2023	–	223,323,425.60	–	–	223,323,425.60
Additions	–	14,336,801.33	–	–	14,336,801.33
(1) Charge for the year	–	14,336,801.33	–	–	14,336,801.33
Decreases	–	(52,462,338.19)	–	–	(52,462,338.19)
(1) Write-off	–	(52,462,338.19)	–	–	(52,462,338.19)
As at 31 December 2023	–	185,197,888.74	–	–	185,197,888.74
Additions	–	27,468,276.44	–	–	27,468,276.44
(1) Charge for the year	–	27,468,276.44	–	–	27,468,276.44
Decreases	–	(10,437,734.99)	–	–	(10,437,734.99)
(1) Write-off	–	(10,437,734.99)	–	–	(10,437,734.99)
As at 31 December 2024	–	202,228,430.19	–	–	202,228,430.19
Additions	–	4,139,630.28	–	–	4,139,630.28
(1) Charge for the year	–	4,139,630.28	–	–	4,139,630.28
Decreases	–	(62,466,324.03)	–	–	(62,466,324.03)
(1) Write-off	–	(32,925,998.63)	–	–	(32,925,998.63)
(2) Transfer to construction in progress	–	(29,540,325.40)	–	–	(29,540,325.40)

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
As at 31 December 2025	–	143,901,736.44	–	–	143,901,736.44
Additions	–	7,992,199.14	–	–	7,992,199.14
(1) Charge for the period	–	7,992,199.14	–	–	7,992,199.14
Decreases	–	(6,231,675.35)	–	–	(6,231,675.35)
(1) Write-off	–	(2,817,716.40)	–	–	(2,817,716.40)
(2) Transfer to construction in progress	–	(3,413,958.95)	–	–	(3,413,958.95)
As at 30 June 2026	–	145,662,260.23	–	–	145,662,260.23
IV. Carrying amount					
As at 31 December 2023	4,858,110,227.44	3,160,538,411.58	69,145,083.55	39,731,148.86	8,127,524,871.43
As at 31 December 2024	4,743,074,582.74	3,173,048,754.88	49,467,460.61	27,872,629.91	7,993,463,428.14
As at 31 December 2025	4,608,323,693.63	3,083,399,647.14	39,804,116.27	19,713,722.56	7,751,241,179.60
As at 30 June 2026	5,254,175,194.51	3,178,252,187.80	36,653,563.52	16,312,147.73	8,485,393,093.56

(2) Temporarily idle fixed assets

As at 31 December 2023

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	328,276,953.98	(136,633,196.19)	(181,511,084.70)	10,132,673.09

As at 31 December 2024

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	343,586,129.43	(137,960,106.75)	(193,994,670.94)	11,631,351.74

As at 31 December 2025

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	210,533,942.51	(79,986,324.40)	(123,225,311.19)	7,322,306.92

As at 30 June 2026

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	182,047,112.00	(63,679,656.85)	(111,747,801.07)	6,619,654.08

(3) Fixed assets leased out under operating leases

As at 31 December 2023

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	78,141,180.65	(32,880,636.89)	45,260,543.76
Machinery and equipment	9,663,588.91	(6,996,259.64)	2,667,329.27
Total	87,804,769.56	(39,876,896.53)	47,927,873.03

As at 31 December 2024

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	155,308,640.56	(58,411,744.96)	96,896,895.60
Machinery and equipment	22,977,655.23	(10,221,507.08)	12,756,148.15
Total	178,286,295.79	(68,633,252.04)	109,653,043.75

As at 31 December 2025

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	154,252,132.72	(57,222,476.79)	97,029,655.93
Machinery and equipment	26,539,248.52	(11,844,343.75)	14,694,904.77
Total	180,791,381.24	(69,066,820.54)	111,724,560.70

As at 30 June 2026

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Plants and buildings	171,250,016.99	(58,415,762.24)	–	112,834,254.75
Machinery and equipment	32,120,367.88	(17,001,579.94)	(1,633,575.40)	13,485,212.54
Total	203,370,384.87	(75,417,342.18)	(1,633,575.40)	126,319,467.29

(4) Fixed assets pending certificates of ownership

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Reason why the certificates of ownership is not completed
Plants and buildings	665,652,011.82	303,257,497.25	95,225,709.04	173,474,645.66	In process

Note: As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group's fixed assets with restricted ownership are set out in Note (VI) 21.

13. CONSTRUCTION IN PROGRESS

(1) Details of construction in progress:

RMB

Items	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Construction in progress	530,338,998.39	–	530,338,998.39	363,436,331.39	–	363,436,331.39	447,246,338.34	–	447,246,338.34	235,379,552.84	–	235,379,552.84
Total	530,338,998.39	–	530,338,998.39	363,436,331.39	–	363,436,331.39	447,246,338.34	–	447,246,338.34	235,379,552.84	–	235,379,552.84

(2) Movements of major construction projects in progress during the Track Record Period

2023

RMB

Project	Budget amount	1 January 2023	Additions	Transfer to fixed assets	Transfer to intangible assets	31 December 2023	The proportion of accumulated project investment to the budget	Accumulated amount of capitalised interest	Including: Capitalised interest for the year	Interest capitalisation rate for the year	Source of funds
							(%)			*(%)*	
Leyuan Junfeng Dairy Farm Project	328,010,000.00	47,801,861.17	173,495,075.24	(148,746,056.13)	–	72,550,880.28	76.93	3,677,136.48	3,677,136.48	4.2	Own funds/ Bank loans
Leyuan Junhui Dairy Farm Project	215,452,000.00	36,475,921.98	140,413,153.31	(171,086,582.28)	(38,000.00)	5,764,493.01	99.94	725,367.08	725,367.08	4.5	Own funds/ Bank loans
Tianchang Dairy Farm Project	245,860,000.00	–	19,828,243.61	–	–	19,828,243.61	8.06	–	–	–	Own funds
Zhengyang Phase II Fresh Milk Project	222,703,020.52	36,911,376.73	157,751,000.04	(150,483,756.58)	–	44,178,620.19	87.41	762,797.93	762,797.93	3.4-3.6	Own funds/ Bank loans
Total	1,012,025,020.52	121,189,159.88	491,487,472.20	(470,316,394.99)	(38,000.00)	142,322,237.09		5,165,301.49	5,165,301.49		

2024

RMB

Project	Budget amount	1 January 2024	Additions	Transfer to fixed assets	31 December 2024	The proportion of accumulated project investment to the budget	Accumulated amount of capitalised interest	Including: Capitalised interest for the year	Interest capitalisation rate for the year	Source of funds
						(%)			*(%)*	
Zhengyang Phase II Fresh Milk Project	222,703,020.52	44,178,620.19	22,103,992.97	(66,282,613.16)	–	97.33	813,394.90	50,596.97	3.4-3.6	Own funds/ Bank loans
Tianchang Dairy Farm Project	245,860,000.00	19,828,243.61	98,558,409.33	(93,468,543.80)	24,918,109.14	48.15	–	–	–	Own funds
Leyuan Junfeng Dairy Farm Project	328,010,000.00	72,550,880.28	53,217,704.80	(124,618,582.86)	1,150,002.22	93.15	8,436,803.28	4,759,666.80	4.2	Own funds/ Bank loans
Total	796,573,020.52	136,557,744.08	173,880,107.10	(284,369,739.82)	26,068,111.36		9,250,198.18	4,810,263.77		

2025

RMB

Project	Budget amount	1 January 2025	Additions	Transfer to fixed assets	31 December 2025	The proportion of accumulated project investment to the budget	Accumulated amount of capitalised interest	Including: Capitalised interest for the year	Interest capitalisation rate for the year	Source of funds
						(%)			*(%)*	
Tianchang Dairy Farm Project	245,860,000.00	24,918,109.14	9,093,694.69	(454,686.00)	33,557,117.83	51.85	–	–	–	Own funds
Jiangmen Facility Phase I Project	390,965,936.02	2,840,985.82	229,597,059.84	–	232,438,045.66	59.45	840,761.18	840,761.18	2.7	Own funds/ Bank loans
Total	636,825,936.02	27,759,094.96	238,690,754.53	(454,686.00)	265,995,163.49		840,761.18	840,761.18		

Six months ended 30 June 2026

RMB

Project	Budget amount	1 January 2026	Additions	Transfer to fixed assets	30 June 2026	The proportion of accumulated project investment to the budget	Accumulated amount of capitalised interest	Including: Capitalised interest for the period	Interest capitalisation rate for the period	Source of funds
						(%)			*(%)*	
Jiangmen Facility Phase I Project	437,028,938.37	232,438,045.66	110,401,453.03	(315,738,183.38)	27,101,315.31	78.45	2,473,397.85	1,632,636.67	2.7	Own funds/ Bank loans
Tianchang Dairy Farm Project	245,860,000.00	33,557,117.83	8,845,264.91	(2,091,355.28)	40,311,027.46	55.45	–	–	–	Own funds
Tianchang Factory Industrial Base Construction Project	549,784,981.95	53,091.33	16,368,829.62	(245,871.56)	16,176,049.39	2.99	45,797.73	45,797.73	2.7	Own funds/ Bank loans
Total	1,232,673,920.32	266,048,254.82	135,615,547.56	(318,075,410.22)	83,588,392.16		2,519,195.58	1,678,434.40		

14. PRODUCTIVE BIOLOGICAL ASSETS

(1) Productive biological assets measured at cost

RMB

	Animal husbandry		Breeding bulls		
	Immature	Mature	Immature	Mature	Total
I. Cost					
As at 1 January 2023	2,024,630,338.65	1,822,694,029.16	3,677,500.00	16,060,685.28	3,867,062,553.09
Additions	2,355,862,699.91	1,275,803,360.37	23,205,878.94	2,990,340.72	3,657,862,279.94
(1) Purchases	385,132,351.22	–	150,000.00	2,990,340.72	388,272,691.94
(2) Rearing costs	1,921,945,142.11	–	23,055,878.94	–	1,945,001,021.05
(3) Transfer-in increase	–	1,225,410,566.95	–	–	1,225,410,566.95
(4) Increase from business combinations	48,785,206.58	50,392,793.42	–	–	99,178,000.00
Decreases	(1,487,670,507.13)	(566,545,586.65)	(26,883,378.94)	(19,051,026.00)	(2,100,150,498.72)
(1) Disposals	(260,534,655.08)	(566,545,586.65)	(1,322,176.40)	(6,549,529.60)	(834,951,947.73)
(2) Transfer-out decrease	(1,225,410,566.95)	–	–	–	(1,225,410,566.95)
(3) Disposal of subsidiaries	–	–	(25,561,202.54)	(12,501,496.40)	(38,062,698.94)
(4) Transfer-out of beef cattle	(1,725,285.10)	–	–	–	(1,725,285.10)
As at 31 December 2023	2,892,822,531.43	2,531,951,802.88	–	–	5,424,774,334.31
Additions	1,861,091,120.55	2,157,248,690.15	–	–	4,018,339,810.70
(1) Purchases	32,477,964.11	–	–	–	32,477,964.11
(2) Rearing costs	1,828,613,156.44	–	–	–	1,828,613,156.44
(3) Transfer-in increase	–	2,157,248,690.15	–	–	2,157,248,690.15
Decreases	(2,664,640,072.15)	(1,171,552,594.91)	–	–	(3,836,192,667.06)
(1) Disposals	(221,535,073.02)	(805,464,975.79)	–	–	(1,027,000,048.81)
(2) Transfer-out decrease	(2,157,248,690.15)	–	–	–	(2,157,248,690.15)
(3) Disposal of subsidiaries	(285,856,308.98)	(366,087,619.12)	–	–	(651,943,928.10)
As at 31 December 2024	2,089,273,579.83	3,517,647,898.12	–	–	5,606,921,477.95
Additions	1,713,984,300.41	1,247,890,211.79	–	–	2,961,874,512.20
(1) Purchases	36,082,423.56	1,380,280.28	–	–	37,462,703.84
(2) Rearing costs	1,677,901,876.85	–	–	–	1,677,901,876.85
(3) Transfer-in increase	–	1,246,509,931.51	–	–	1,246,509,931.51
Decreases	(1,496,575,100.44)	(1,072,545,690.84)	–	–	(2,569,120,791.28)
(1) Disposals	(207,210,238.22)	(1,050,460,524.70)	–	–	(1,257,670,762.92)
(2) Transfer-out decrease	(1,246,509,931.51)	–	–	–	(1,246,509,931.51)
(3) Disposal of subsidiaries	(42,854,930.71)	(22,085,166.14)	–	–	(64,940,096.85)
As at 31 December 2025	2,306,682,779.80	3,692,992,419.07	–	–	5,999,675,198.87
Additions	866,889,106.95	701,714,338.27	–	–	1,568,603,445.22
(1) Purchases	16,546,818.32	–	–	–	16,546,818.32
(2) Rearing costs	850,342,288.63	–	–	–	850,342,288.63
(3) Transfer-in increase	–	701,714,338.27	–	–	701,714,338.27
Decreases	(828,785,095.49)	(644,637,411.04)	–	–	(1,473,422,506.53)
(1) Disposals	(127,070,757.22)	(644,637,411.04)	–	–	(771,708,168.26)
(2) Transfer-out decrease	(701,714,338.27)	–	–	–	(701,714,338.27)
(3) Disposal of subsidiaries	–	–	–	–	–
As at 30 June 2026	2,344,786,791.26	3,750,069,346.30	–	–	6,094,856,137.56
II. Accumulated depreciation					
As at 1 January 2023	–	432,665,508.76	–	1,939,406.47	434,604,915.23
Additions	–	323,284,323.87	–	7,735,545.38	331,019,869.25
(1) Charge for the year	–	323,284,323.87	–	7,735,545.38	331,019,869.25
Decreases	–	(187,065,611.22)	–	(9,674,951.85)	(196,740,563.07)

	Animal husbandry		Breeding bulls		
	Immature	Mature	Immature	Mature	Total
(1) Disposals	–	(187,065,611.22)	–	(2,858,800.71)	(189,924,411.93)
(2) Disposal of subsidiaries	–	–	–	(6,816,151.14)	(6,816,151.14)
As at 31 December 2023	–	568,884,221.41	–	–	568,884,221.41
Additions	–	496,948,083.73	–	–	496,948,083.73
(1) Charge for the year	–	496,948,083.73	–	–	496,948,083.73
Decreases	–	(368,061,742.29)	–	–	(368,061,742.29)
(1) Disposals	–	(262,891,853.19)	–	–	(262,891,853.19)
(2) Disposal of subsidiaries	–	(105,169,889.10)	–	–	(105,169,889.10)
As at 31 December 2024	–	697,770,562.85	–	–	697,770,562.85
Additions	–	549,717,077.67	–	–	549,717,077.67
(1) Charge for the year	–	549,717,077.67	–	–	549,717,077.67
Decreases	–	(347,492,064.13)	–	–	(347,492,064.13)
(1) Disposals	–	(347,027,808.65)	–	–	(347,027,808.65)
(2) Disposal of subsidiaries	–	(464,255.48)	–	–	(464,255.48)
As at 31 December 2025	–	899,995,576.39	–	–	899,995,576.39
Additions	–	275,591,993.48	–	–	275,591,993.48
(1) Charge for the period	–	275,591,993.48	–	–	275,591,993.48
Decreases	–	(211,968,383.07)	–	–	(211,968,383.07)
(1) Disposals	–	(211,968,383.07)	–	–	(211,968,383.07)
As at 30 June 2026	–	963,619,186.80	–	–	963,619,186.80
III. Provision for impairment					
As at 1 January 2023	640,000.00	900,000.00	–	–	1,540,000.00
(1) Charge for the year	76,840,000.00	20,390,000.00	–	1,217,093.14	98,447,093.14
(2) Write-off for the year	(510,000.00)	(780,000.00)	–	–	(1,290,000.00)
(3) Disposal of subsidiaries	–	–	–	(1,217,093.14)	(1,217,093.14)
As at 31 December 2023	76,970,000.00	20,510,000.00	–	–	97,480,000.00
(1) Charge for the year	19,080,000.00	15,990,000.00	–	–	35,070,000.00
(2) Transfer-in increase	–	26,038,742.72	–	–	26,038,742.72
(3) Transfer-out decrease	(26,038,742.72)	–	–	–	(26,038,742.72)
(4) Write-off for the year	(15,736,509.79)	(4,000,349.05)	–	–	(19,736,858.84)
As at 31 December 2024	54,274,747.49	58,538,393.67	–	–	112,813,141.16
(1) Charge for the year	–	28,631,939.43	–	–	28,631,939.43
(2) Transfer-in increase	–	27,185,683.93	–	–	27,185,683.93
(3) Transfer-out decrease	(27,185,683.93)	–	–	–	(27,185,683.93)
(4) Write-off for the year	(15,459,107.21)	(34,133,858.46)	–	–	(49,592,965.67)
As at 31 December 2025	11,629,956.35	80,222,158.57	–	–	91,852,114.92
(1) Charge for the period	240,000.00	3,280,000.00	–	–	3,520,000.00
(2) Transfer-in increase	–	9,881,092.98	–	–	9,881,092.98
(3) Transfer-out decrease	(9,881,092.98)	–	–	–	(9,881,092.98)
(4) Write-off for the period	(334,616.98)	(15,652,939.61)	–	–	(15,987,556.59)
As at 30 June 2026	1,654,246.39	77,730,311.94	–	–	79,384,558.33
IV. Carrying amount					
As at 31 December 2023	2,815,852,531.43	1,942,557,581.47	–	–	4,758,410,112.90
As at 31 December 2024	2,034,998,832.34	2,761,338,941.60	–	–	4,796,337,773.94
As at 31 December 2025	2,295,052,823.45	2,712,774,684.11	–	–	5,007,827,507.56
As at 30 June 2026	2,343,132,544.87	2,708,719,847.56	–	–	5,051,852,392.43

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no productive biological assets with restricted ownership.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group owned 81,146 heads, 95,960 heads, 97,818 heads and 100,858 heads of milkable cows, respectively, and 104,959 heads, 91,454 heads, 97,927 heads and 97,473 heads of calves and heifers, respectively.

(2) Impairment assessment of productive biological assets measured at cost

The Group identifies the indicators of impairment for productive biological assets by assessing whether the productive biological assets were affected by natural disasters or animal diseases, and also considering the factors such as productivity issues of the cattle herd and the market operating environment. If the impairment indicators for productive biological assets arise from natural disasters, diseases or other similar causes, such productive biological assets are usually disposed of subsequently. Accordingly, the Group performs impairment tests on an individual asset basis, and the recoverable amount was determined based on fair value less costs of disposal. If the impairment indicators for productive biological assets arise from causes such as the productivity issues of the cattle herd, the Group performs impairment tests on an asset group basis (i.e. each asset group represents the mature or immature cattle herd of a relevant ranch). The recoverable amount is determined based on the higher of the present value of expected future cash flows and fair value less costs of disposal.

The recoverable amount is determined based on fair value less costs to disposal.

As at 31 December 2023

RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and costs to disposal	Key parameter	Determination basis of key parameter
Immature productive biological assets	49,400	34,000	(15,400)	Based on a comprehensive assessment of market factors, including cattle sale prices.	Market factors, such as cattle sale prices	Market price of the beef cattle was ranged from RMB9,408 per head to RMB15,669 per head, determined by reference to the local market selling price.
Mature productive biological assets	5,970	3,380	(2,590)			Market price of the 14-month-old heifers was RMB22,800 per head, determined by reference to the local market selling price.

As at 31 December 2024

RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and costs to disposal	Key parameter	Determination basis of key parameter
Immature productive biological assets	54,978	45,972	(9,950)	Based on a comprehensive assessment of market factors, including cattle sale prices.	Market factors, such as cattle sale prices	Market price of the beef cattle was ranged from RMB5,423 per head to RMB13,892 per head, determined by reference to the local market selling price.
Mature productive biological assets	11,887	6,603	(5,290)			Market price of the 14-month-old heifers was RMB22,000 per head, determined by reference to the local market selling price.

As at 31 December 2025

RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and costs to disposal	Key parameter	Determination basis of key parameter
Mature productive biological assets	45,571	26,181	(28,632)	Based on a comprehensive assessment of market factors, including cattle sale prices.	Market factors, such as cattle sale prices	Market price of the beef cattle was ranged from RMB8,388 per head to RMB15,334 per head, determined by reference to the local market selling price.

As at 30 June 2026

RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and costs to disposal	Key parameter	Determination basis of key parameter
Immature productive biological assets	300	60	(240)	Based on a comprehensive assessment of market factors, including cattle sale prices.	Market factors, such as cattle sale prices	Market price of the beef cattle was ranged from RMB6,876 per head to RMB15,114 per head, determined by reference to the local market selling price.
Mature productive biological assets	5,290	2,010	(3,280)			

Recoverable amount is determined based on the present value of expected future cash flows.

As at 31 December 2023

RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Immature productive biological assets	507,570	446,130	(61,440)	The period required to raise immature cattle to maturity and the estimated productive lifespan of milkable cows.	Estimated average future price of raw milk was ranged from RMB4.06 per kg to RMB4.61 per kg, taking into account the management's experience and knowledge of market conditions. Estimated feed costs per kg of raw milk were ranged from RMB1.98 to RMB2.33, based on the historical average feed costs per kg of raw milk after taking into consideration of inflation. A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield at each lactation cycle was ranged from 23.13 kg to 35.29 kg, depending on the number of the lactation cycles and the individual physical condition. Discount rate for estimated future cash flows used was 13%, taking into account the weighted average cost of capital determined using a capital asset pricing model.	/	/
Mature productive biological assets	86,200	68,400	(17,800)				

As at 31 December 2024

RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Immature productive biological assets	378,827	369,731	(9,130)	The period required to raise immature cattle to maturity and the estimated productive lifespan of milkable cows	Estimated average future price of raw milk was ranged from RMB4.06 per kg to RMB4.70 per kg, taking into account the management's experience and knowledge of market conditions. Estimated feed costs per kg of raw milk were ranged from RMB2.21 to RMB2.24, based on the historical average feed costs per kg of raw milk after taking into consideration of inflation. A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield at each lactation cycle was ranged from 23.32 kg to 35.03 kg, depending on the number of the lactation cycles and the individual physical condition. Discount rate for estimated future cash flows used was 12.60%, taking into account the weighted average cost of capital determined using a capital asset pricing model.	/	/
Mature productive biological assets	699,805	755,729	(10,700)				

Note: As at 31 December 2025 and 30 June 2026, the Group had not identified productive biological assets that needed to recognise impairments based on the present value of expected future cash flows.

15. RIGHT-OF-USE ASSETS

RMB

Items	Buildings	Land use rights	Equipment	Total
I. Cost				
As at 1 January 2023	201,917,165.78	350,503,383.48	82,741,987.33	635,162,536.59
Additions	9,765,318.08	81,333,334.81	–	91,098,652.89
(1) New leases commenced	8,483,787.69	59,558,125.89	–	68,041,913.58
(2) Lease modifications	–	3,386,358.00	–	3,386,358.00
(3) Business combination	1,281,530.39	18,388,850.92	–	19,670,381.31
Decreases	(1,784,463.96)	(29,149,558.65)	(5,232,219.06)	(36,166,241.67)
(1) Termination of lease	–	(5,494,006.16)	–	(5,494,006.16)
(2) Lease modifications	–	(5,139,081.28)	–	(5,139,081.28)
(3) Remeasurement	–	(4,600,823.33)	–	(4,600,823.33)
(4) Disposal of subsidiaries	(1,338,066.15)	(1,780,269.81)	(1,361,921.06)	(4,480,257.02)
(5) Lease expiration	(446,397.81)	(12,135,378.07)	(3,870,298.00)	(16,452,073.88)
As at 31 December 2023	209,898,019.90	402,687,159.64	77,509,768.27	690,094,947.81
Additions	131,529,494.18	52,555,361.86	10,272,489.71	194,357,345.75
(1) New leases commenced	131,529,494.18	52,352,706.41	10,272,489.71	194,154,690.30
(2) Lease modifications	–	202,655.45	–	202,655.45
Decreases	(137,280,925.88)	(48,544,725.36)	(76,652,976.91)	(262,478,628.15)
(1) Termination of lease	(4,886,685.92)	(10,322,760.28)	(2,313,029.26)	(17,522,475.46)
(2) Lease modifications	(1,123,091.11)	(12,399,624.53)	–	(13,522,715.64)
(3) Disposal of subsidiaries	(128,601,936.22)	(13,860,168.19)	(74,075,018.86)	(216,537,123.27)
(4) Remeasurement	–	(6,117,007.83)	–	(6,117,007.83)
(5) Lease expiration	(2,669,212.63)	(5,845,164.53)	(264,928.79)	(8,779,305.95)
As at 31 December 2024	204,146,588.20	406,697,796.14	11,129,281.07	621,973,665.41
Additions	19,386,770.11	37,071,698.62	8,199,571.74	64,658,040.47
(1) New leases commenced	19,386,770.11	37,071,698.62	8,199,571.74	64,658,040.47
Decreases	(3,033,661.87)	(18,191,085.43)	(2,488,268.61)	(23,713,015.91)
(1) Termination of lease	(651,009.75)	(3,038,925.21)	–	(3,689,934.96)
(2) Disposal of subsidiaries	–	(3,475,267.64)	–	(3,475,267.64)
(3) Remeasurement	–	(3,834,609.98)	–	(3,834,609.98)
(4) Lease expiration	(2,382,652.12)	(1,412,879.85)	–	(3,795,531.97)
(5) Finance sublease	–	(6,429,402.75)	(2,488,268.61)	(8,917,671.36)
As at 31 December 2025	220,499,696.44	425,578,409.33	16,840,584.20	662,918,689.97
Additions	12,013,204.59	4,348,289.23	–	16,361,493.82
(1) New leases commenced	12,013,204.59	4,348,289.23	–	16,361,493.82
Decreases	(10,803,421.91)	(5,289,154.30)	–	(16,092,576.21)
(1) Lease expiration	(10,803,421.91)	(5,289,154.30)	–	(16,092,576.21)
As at 30 June 2026	221,709,479.12	424,637,544.26	16,840,584.20	663,187,607.58
II. Accumulated depreciation				
1 January 2023	26,202,997.35	49,302,348.99	14,993,048.28	90,498,394.62
Additions	18,831,307.87	36,180,541.79	6,145,418.65	61,157,268.31
(1) Charge for the year	18,831,307.87	36,180,541.79	6,145,418.65	61,157,268.31
Decreases	(690,844.30)	(15,294,181.98)	(4,397,917.04)	(20,382,943.32)
(1) Termination of lease	–	(1,715,341.91)	–	(1,715,341.91)
(2) Disposal of subsidiaries	(244,446.49)	(1,443,462.00)	(527,619.04)	(2,215,527.53)
(3) Lease expiration	(446,397.81)	(12,135,378.07)	(3,870,298.00)	(16,452,073.88)
As at 31 December 2023	44,343,460.92	70,188,708.80	16,740,549.89	131,272,719.61

Items	Buildings	Land use rights	Equipment	Total
Additions	23,093,233.09	36,904,530.44	7,633,691.43	67,631,454.96
(1) Charge for the year	23,093,233.09	36,904,530.44	7,633,691.43	67,631,454.96
Decreases	(43,466,050.48)	(11,888,052.61)	(22,133,087.90)	(77,487,190.99)
(1) Termination of lease	(3,193,406.59)	(3,457,316.49)	(1,340,771.40)	(7,991,494.48)
(2) Lease modifications	(597,361.81)	(732,789.77)	–	(1,330,151.58)
(3) Disposal of subsidiaries	(37,006,069.45)	(1,852,781.82)	(20,527,387.71)	(59,386,238.98)
(4) Lease expiration	(2,669,212.63)	(5,845,164.53)	(264,928.79)	(8,779,305.95)
As at 31 December 2024	23,970,643.53	95,205,186.63	2,241,153.42	121,416,983.58
Additions	20,270,592.25	37,433,856.11	2,398,967.12	60,103,415.48
(1) Charge for the year	20,270,592.25	37,433,856.11	2,398,967.12	60,103,415.48
Decreases	(2,644,581.52)	(3,152,036.90)	(56,232.04)	(5,852,850.46)
(1) Termination of lease	(261,929.40)	(685,062.37)	–	(946,991.77)
(2) Disposal of subsidiaries	–	(381,446.31)	–	(381,446.31)
(3) Lease expiration	(2,382,652.12)	(1,412,879.85)	–	(3,795,531.97)
(4) Finance sublease	–	(672,648.37)	(56,232.04)	(728,880.41)
As at 31 December 2025	41,596,654.26	129,487,005.84	4,583,888.50	175,667,548.60
Additions	7,686,707.63	20,384,992.85	1,447,207.74	29,518,908.22
(1) Charge for the period	7,686,707.63	20,384,992.85	1,447,207.74	29,518,908.22
Decreases	(6,176,211.05)	(5,289,154.30)	–	(11,465,365.35)
(1) Lease expiration	(6,176,211.05)	(5,289,154.30)	–	(11,465,365.35)
As at 30 June 2026	43,107,150.84	144,582,844.39	6,031,096.24	193,721,091.47
III. Carrying amount				
As at 31 December 2023	165,554,558.98	332,498,450.84	60,769,218.38	558,822,228.20
As at 31 December 2024	180,175,944.67	311,492,609.51	8,888,127.65	500,556,681.83
As at 31 December 2025	178,903,042.18	296,091,403.49	12,256,695.70	487,251,141.37
As at 30 June 2026	178,602,328.28	280,054,699.87	10,809,487.96	469,466,516.11

For the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026, the lease expenses included in profit or loss under simplified approach were RMB18,702,717.56, RMB20,552,350.47, RMB28,003,871.03, RMB13,070,222.95 and RMB16,241,682.24, respectively.

For the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026, the total cash outflows related to leases were RMB89,218,113.24, RMB114,298,202.64, RMB118,939,236.38, RMB64,465,890.68 and RMB53,897,395.83, respectively.

16. INTANGIBLE ASSETS

(1) Details of intangible assets

RMB

Items	Land use rights	Computer software	Patent and non-patented technology	Trademarks	Others	Total
I. Cost						
As at 1 January 2023	428,807,384.58	94,058,139.71	141,037,295.61	4,241,211.64	5,006,800.00	673,150,831.54
Additions	181,936,328.04	30,663,327.89	79,300,761.39	508,137,199.96	–	800,037,617.28
(1) Purchases	26,254,041.42	11,066,934.79	20,761.39	157,199.96	–	37,498,937.56
(2) Transfer from construction in progress	–	17,466,024.58	–	–	–	17,466,024.58
(3) Increase from business combinations	155,682,286.62	2,130,368.52	79,280,000.00	507,980,000.00	–	745,072,655.14
Decreases	–	(1,360,212.61)	–	–	–	(1,360,212.61)
(1) Disposals	–	(1,360,212.61)	–	–	–	(1,360,212.61)
As at 31 December 2023	610,743,712.62	123,361,254.99	220,338,057.00	512,378,411.60	5,006,800.00	1,471,828,236.21
Additions	–	58,270,236.57	–	–	–	58,270,236.57
(1) Purchases	–	22,457,827.84	–	–	–	22,457,827.84
(2) Transfer from construction in progress	–	35,812,408.73	–	–	–	35,812,408.73
Decreases	–	(4,948,590.53)	–	–	–	(4,948,590.53)
(1) Disposals	–	(4,183,785.53)	–	–	–	(4,183,785.53)
(2) Disposal of subsidiaries	–	(764,805.00)	–	–	–	(764,805.00)
As at 31 December 2024	610,743,712.62	176,682,901.03	220,338,057.00	512,378,411.60	5,006,800.00	1,525,149,882.25
Additions	59,146,608.45	52,572,282.13	–	297,169.81	–	112,016,060.39
(1) Purchases	59,146,608.45	4,568,976.12	–	297,169.81	–	64,012,754.38
(2) Transfer from construction in progress	–	48,003,306.01	–	–	–	48,003,306.01
Decreases	–	(2,787,551.09)	–	–	(5,000,000.00)	(7,787,551.09)
(1) Disposals	–	(2,186,501.09)	–	–	(5,000,000.00)	(7,186,501.09)
(2) Disposal of subsidiaries	–	(601,050.00)	–	–	–	(601,050.00)
As at 31 December 2025	669,890,321.07	226,467,632.07	220,338,057.00	512,675,581.41	6,800.00	1,629,378,391.55
Additions	–	13,168,914.10	4,624,000.00	40,700.00	–	17,833,614.10
(1) Purchases	–	2,145,961.06	4,624,000.00	40,700.00	–	6,810,661.06
(2) Transfer from construction in progress	–	11,022,953.04	–	–	–	11,022,953.04
Decreases	–	(4,010,536.74)	–	–	–	(4,010,536.74)
(1) Disposals	–	(4,010,536.74)	–	–	–	(4,010,536.74)
As at 30 June 2026	669,890,321.07	235,626,009.43	224,962,057.00	512,716,281.41	6,800.00	1,643,201,468.91
II. Accumulated amortisation						
As at 1 January 2023	50,774,403.45	59,527,927.99	275,290.01	1,219,388.51	4,842,416.23	116,639,426.19
Additions	11,480,698.52	13,298,304.38	17,289,696.46	365,005.54	123,287.83	42,556,992.73
(1) Charge for the year	11,480,698.52	13,298,304.38	17,289,696.46	365,005.54	123,287.83	42,556,992.73
Decreases	–	(1,360,212.61)	–	–	–	(1,360,212.61)
(1) Disposals	–	(1,360,212.61)	–	–	–	(1,360,212.61)
As at 31 December 2023	62,255,101.97	71,466,019.76	17,564,986.47	1,584,394.05	4,965,704.06	157,836,206.31
Additions	14,444,145.65	20,232,094.10	21,915,055.20	374,793.57	41,095.94	57,007,184.46
(1) Charge for the year	14,444,145.65	20,232,094.10	21,915,055.20	374,793.57	41,095.94	57,007,184.46
Decreases	–	(3,676,417.88)	–	–	–	(3,676,417.88)
(1) Disposals	–	(3,026,459.18)	–	–	–	(3,026,459.18)

Items	Land use rights	Computer software	Patent and non-patented technology	Trademarks	Others	Total
(2) Disposal of subsidiaries	–	(649,958.70)	–	–	–	(649,958.70)
As at 31 December 2024	76,699,247.62	88,021,695.98	39,480,041.67	1,959,187.62	5,006,800.00	211,166,972.89
Additions	15,288,436.65	30,992,648.98	22,053,516.70	414,901.13	–	68,749,503.46
(1) Charge for the year	15,288,436.65	30,992,648.98	22,053,516.70	414,901.13	–	68,749,503.46
Decreases	–	(2,293,670.38)	–	–	(5,000,000.00)	(7,293,670.38)
(1) Disposals	–	(2,156,916.21)	–	–	(5,000,000.00)	(7,156,916.21)
(2) Disposal of subsidiaries	–	(136,754.17)	–	–	–	(136,754.17)
As at 31 December 2025	91,987,684.27	116,720,674.58	61,533,558.37	2,374,088.75	6,800.00	272,622,805.97
Additions	7,791,170.70	20,064,887.61	11,327,091.70	202,582.42	–	39,385,732.43
(1) Charge for the period	7,791,170.70	20,064,887.61	11,327,091.70	202,582.42	–	39,385,732.43
Decreases	–	(3,635,240.94)	–	–	–	(3,635,240.94)
(1) Disposals	–	(3,635,240.94)	–	–	–	(3,635,240.94)
As at 30 June 2026	99,778,854.97	133,150,321.25	72,860,650.07	2,576,671.17	6,800.00	308,373,297.46
III. Provision for impairment						
As at 1 January 2023 and 31 December 2023	–	–	–	–	–	–
Additions	–	–	–	12,000,000.00	–	12,000,000.00
(1) Charge for the year	–	–	–	12,000,000.00	–	12,000,000.00
As at 31 December 2024, 31 December 2025 and 30 June 2026	–	–	–	12,000,000.00	–	12,000,000.00
IV. Carrying amount						
As at 31 December 2023	548,488,610.65	51,895,235.23	202,773,070.53	510,794,017.55	41,095.94	1,313,992,029.90
As at 31 December 2024	534,044,465.00	88,661,205.05	180,858,015.33	498,419,223.98	–	1,301,982,909.36
As at 31 December 2025	577,902,636.80	109,746,957.49	158,804,498.63	498,301,492.66	–	1,344,755,585.58
As at 30 June 2026	570,111,466.10	102,475,688.18	152,101,406.93	498,139,610.24	–	1,322,828,171.45

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group's intangible assets with restricted ownership are set out in Note (VI) 21.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the carrying amount of the Group's trademarks with indefinite useful lives was RMB507,980,000.00, which are held by Sikeqi Hebei, Lesson Dairy, and Xi'an Yinqiao. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group performed impairment tests by considering the asset group to which the trademarks with indefinite useful lives belong. The recoverable amounts were determined based on the present value of the estimated future cash flows of the asset group to which the trademarks belong. For further details, please refer to Note (VI) 17. Based on the impairment test results, as at 31 December 2024, the Group recognised impairment losses of the trademark with indefinite useful lives directly related to the Sikeqi Hebei amounting to RMB12,000,000.00. Except the aforementioned impairment, there was no impairment of other trademarks with indefinite useful lives during the Track Record Period.

17. GOODWILL

(1) Cost of goodwill

For the period from 1 January 2023 to 30 June 2026

RMB

Investee	As at 1 January 2023	Additions	Decreases	As at 31 December 2023 and 31 December 2024 and 31 December 2025 and 30 June 2026
Baoding Junlebao	76,715.16	–	–	76,715.16
Shijiazhuang Junlebao Leshi Dairy Co., Ltd. (石家莊君樂寶樂時乳業有限公司) ("Leshi Dairy")	30,823,482.21	–	–	30,823,482.21
Banner Infant Dairy Products Co., Ltd. (旗幟嬰兒乳品股份有限公司) ("Banner Dairy")	55,035,394.49	–	–	55,035,394.49
Banner Animal Husbandry	50,111,103.55	–	–	50,111,103.55
Hebei Derong Plastic Packaging Products Co., Ltd. (河北德容塑料包裝製品股份有限公司) ("Derong Packaging") and its subsidiaries	266,154,798.81	–	–	266,154,798.81
Sikeqi Hebei and its subsidiaries	–	23,119,869.09	–	23,119,869.09
Lesson Dairy and its subsidiaries	–	129,360,488.64	–	129,360,488.64
Xi'an Yinqiao and its subsidiaries	–	175,377,980.88	–	175,377,980.88
Total	402,201,494.22	327,858,338.61	–	730,059,832.83

(2) Provision for impairment of goodwill

For the period from 1 January 2023 to 30 June 2026

RMB

Investee	As at 1 January 2023 and 1 January 2024	Additions	Decreases	As at 31 December 2024 and 31 December 2025 and 30 June 2026
Banner Dairy	–	(55,035,394.49)	–	(55,035,394.49)
Banner Animal Husbandry	–	(50,111,103.55)	–	(50,111,103.55)
Lesson Dairy and its subsidiaries	–	(101,400,000.00)	–	(101,400,000.00)
Sikeqi Hebei and its subsidiaries	–	(23,119,869.09)	–	(23,119,869.09)
Total	–	(229,666,367.13)	–	(229,666,367.13)

(3) Information of asset group with goodwill

In determining the asset group, the Group takes into account factors such as the manner in which management manages or monitors production and operation activities, and the approach to decision-making on the continuous use or disposal of assets, with reference to the smallest group of assets that can independently generate cash inflows. The asset group related to goodwill are those that benefit from the synergies of the business combination and shall also satisfy two conditions: (1) represent the lowest level at which the Group monitors goodwill for internal management purposes; and (2) not be larger than the operating segments determined in accordance with Section 8 of the *Interpretation No. 3 of CASBE*.

Asset group	Segment that the asset group belongs	Is it consistent during the Track Record Period
Baoding Junlebao	Liquid Milk and Other Dairy Products Business based on business structure of the Group	Yes
Leshi Dairy	Liquid Milk and Other Dairy Products Business based on business structure of the Group	Yes
Banner Dairy	Formula Business based on business structure of the Group	Yes
Banner Animal Husbandry	Dairy Farming Business based on business structure of the Group	Yes
Derong Packaging and its subsidiaries	Other Businesses based on business structure of the Group	Yes
Sikeqi Hebei and its subsidiaries	Liquid Milk and Other Dairy Products Business based on business structure of the Group	Yes
Lesson Dairy and its subsidiaries	Liquid Milk and Other Dairy Products Business based on business structure of the Group	Yes
Xi'an Yinqiao and its subsidiaries	Liquid Milk and Other Dairy Products Business based on business structure of the Group	Yes

(4) Specific method of determining the recoverable amount

Recoverable amount is determined based on the present value of estimated future cash flows of the asset group.

31 December 2023

RMB'000

Asset group	Carrying amount	Recoverable amount	Headroom amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Leshi Dairy	99,130	134,100	34,970 *(Note 1)*	–	5 years	1. Pre-tax discount rate: 12.30% 2. Revenue growth rate of the forecast period: 3.0%-6.0% 3. Gross margin ratio of the forecast period: 5.2%-5.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and Gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.30% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 6.1%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.
Banner Dairy	293,875	457,000	163,125 *(Note 2)*	–	5 years	1. Pre-tax discount rate: 14.00% 2. Revenue growth rate of the forecast period: (20.5)%-2.4% 3. Gross margin ratio of the forecast period: 42.3%-44.7%		1. Pre-tax discount rate: 14.00% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 43.9%	
Banner Animal Husbandry	1,511,600	1,600,000	88,400 *(Note 3)*	–	5 years	1. Pre-tax discount rate: 11.78% 2. Revenue growth rate of the forecast period: 5.7%-32.3% 3. Gross margin ratio of the forecast period: 19.7%-22.8%		1. Pre-tax discount rate: 11.78% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 24.0%	
Derong Packaging and its subsidiaries	579,041	649,000	69,959 *(Note 4)*	–	5 years	1. Pre-tax discount rate: 13.86% 2. Revenue growth rate of the forecast period: 2.0%-18.7% 3. Gross margin ratio of the forecast period: 19.4%-22.2%		1. Pre-tax discount rate: 13.86% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.3%	
Sikeqi Hebei and its subsidiaries	131,129	152,200	21,071 *(Note 5)*	–	5 years	1. Pre-tax discount rate: 14.95% 2. Revenue growth rate of the forecast period: (1.7%)-8.1% 3. Gross margin ratio of the forecast period: 32.8%-37.3%		1. Pre-tax discount rate: 14.95% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 38.4%	
Lesson Dairy and its subsidiaries	1,282,782	1,306,600	23,818 *(Note 6)*	–	5 years	1. Pre-tax discount rate: 12.74% 2. Revenue growth rate of the forecast period: 8.0%-15.3% 3. Gross margin ratio of the forecast period: 20.0%-23.2%		1. Pre-tax discount rate: 12.74% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 23.7%	
Xi'an Yinqiao and its subsidiaries	766,174	861,200	95,026 *(Note 7)*	–	5 years	1. Pre-tax discount rate: 13.07% 2. Revenue growth rate of the forecast period: 5.0%-11.0% 3. Gross margin ratio of the forecast period: 21.0%-21.3%		1. Pre-tax discount rate: 13.07% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.8%	

Note 1: The recoverable amount of Leshi Dairy would equal to its carrying amount if the pre-tax discount rate increased from 12.30% to 18.06%, or the revenue of the forecast period decreased by 36.2%, or the revenue growth rate of the stable period decreased from 2.0% to (3.8%), or the gross profit margin of the forecast period decreased by 13.9%, or the gross profit margin of the stable period decreased by 21.5%.

Note 2: The recoverable amount of Banner Dairy would equal to its carrying amount if the pre-tax discount rate increased from 14.00% to 26.77%, or the revenue of the forecast period decreased by 57.8%, or the revenue growth rate of the stable period decreased from 2.0% to (5.9%), or the gross profit margin of the forecast period decreased by 8.6%, or the gross profit margin of the stable period decreased by 15.0%.

Note 3: The recoverable amount of Banner Animal Husbandry would equal to its carrying amount if the pre-tax discount rate increased from 11.78% to 12.50%, or the revenue of the forecast period decreased by 5.8%, or the revenue growth rate of the stable period decreased from 2.0% to 1.4%, or the gross profit margin of the forecast period decreased by 3.9%, or the gross profit margin of the stable period decreased by 5.8%.

Note 4: The recoverable amount of Derong Packaging and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 13.86% to 15.14%, or the revenue of the forecast period decreased by 9.4%, or the revenue growth rate of the stable period decreased from 2.0% to 0.2%, or the gross profit margin of the forecast period decreased by 7.3%, or the gross profit margin of the stable period decreased by 12.5%.

Note 5: The recoverable amount of Sikeqi Hebei and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 14.95% to 17.11%, or the revenue of the forecast period decreased by 14.8%, or the revenue growth rate of the stable period decreased from 2.0% to (1.4%), or the gross profit margin of the forecast period decreased by 6.3%, or the gross profit margin of the stable period decreased by 10.7%.

Note 6: The recoverable amount of Lesson Dairy and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 12.74% to 12.92%, or the revenue of the forecast period decreased by 1.3%, or the revenue growth rate of the stable period decreased from 2.0% to 1.8%, or the gross profit margin of the forecast period decreased by 0.7%, or the gross profit margin of the stable period decreased by 1.1%.

Note 7: The recoverable amount of Xi'an Yinqiao and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 13.07% to 14.49%, or the revenue of the forecast period decreased by 10.1%, or the revenue growth rate of the stable period decreased from 2.0% to (0.1%), or the gross profit margin of the forecast period decreased by 3.7%, or the gross profit margin of the stable period decreased by 5.8%.

30 June 2024

RMB'000

Asset group	Carrying amount	Recoverable amount	Headroom amount in the period	Impairment amount in the period	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Banner Dairy . .	287,728	204,000	–	(83,728) *(Note 8, 9)*	5 years	1. Pre-tax discount rate: 14.27% 2. Revenue growth rate of the forecast period: (25.2%)-0% 3. Gross margin ratio of the forecast period: 42.5%-45.2%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 14.27% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 43.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.
Banner Animal Husbandry . .	1,533,587	1,456,000	–	(77,587) *(Note 8, 10)*	5 years	1. Pre-tax discount rate: 11.25% 2. Revenue growth rate of the forecast period: 4.8%-13.2% 3. Gross margin ratio of the forecast period: 15.8%-21.9%		1. Pre-tax discount rate: 11.25% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 23.8%	

Note 8: In the first half of 2024, due to the underperformance against expectation, the management identified impairment indicators for the Banner Dairy and Banner Animal Husbandry and conducted impairment test as at 30 June 2024. Based on the results of impairment test, management recognized impairment of goodwill attributable to the Group arising from the acquisition of Banner Dairy and Banner Animal Husbandry of RMB55,035,394.49 and RMB50,111,103.55, respectively.

Note 9: If the revenue for the five-year budget period was reduced by 1.0%, while other parameters remain constant, the recoverable amount of Banner Dairy will be approximately RMB15,000,000.00 lower than the carrying amount of the impaired asset group; if the pre-tax discount rate was changed to 14.77%, while other parameters remain constant, the recoverable amount of Banner Dairy will be approximately RMB12,000,000.00 lower than the carrying amount of the impaired asset group; if the revenue growth rate of the stable period was changed to 1.5%, while other parameters remain constant, the recoverable amount of Banner Dairy will be approximately RMB8,000,000.00 lower than the carrying amount of the impaired asset group.

Note 10: If the revenue for the five-year budget period was reduced by 1.0%, while other parameters remain constant, the recoverable amount of Banner Animal Husbandry will be approximately RMB23,000,000.00 lower than the carrying amount of the impaired asset group; if the pre-tax discount rate was changed to 11.75%, while other parameters remain constant, the recoverable amount of Banner Animal Husbandry will be approximately RMB78,000,000.00 lower than the carrying amount of the impaired asset group; if the revenue growth rate of the stable period was changed to 1.5%, while other parameters remain constant, the recoverable amount of Banner Animal Husbandry will be approximately RMB55,000,000.00 lower than the carrying amount of the impaired asset group.

31 December 2024

RMB'000

Asset group	Carrying amount	Recoverable amount	Headroom amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Leshi Dairy	91,942	133,500	41,558 *(Note 12)*	–	5 years	1. Pre-tax discount rate: 12.37% 2. Revenue growth rate of the forecast period: 0.5%-2.4% 3. Gross margin ratio of the forecast period: 5.7%-7.6%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 12.37% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 6.3%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.
Derong Packaging and its subsidiaries	551,304	689,400	138,096 *(Note 13)*	–	5 years	1. Pre-tax discount rate: 14.63% 2. Revenue growth rate of the forecast period: (2.1%)-2.0% 3. Gross margin ratio of the forecast period: 21.7%-23.2%		1. Pre-tax discount rate: 14.63% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.9%	
Sikeqi Hebei and its subsidiaries	128,518	78,000	–	(50,518) *(Note 11, 14)*	5 years	1. Pre-tax discount rate: 13.08% 2. Revenue growth rate of the forecast period: (11.7%)-15.2% 3. Gross margin ratio of the forecast period: 24.2%-27.4%		1. Pre-tax discount rate: 13.08% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 29.1%	
Lesson Dairy and its subsidiaries	1,296,297	1,121,000	–	(175,297) *(Note 11, 15)*	5 years	1. Pre-tax discount rate: 12.38% 2. Revenue growth rate of the forecast period: 2.9%-17.4% 3. Gross margin ratio of the forecast period: 21.2%-25.1%		1. Pre-tax discount rate: 12.38% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 25.8%	
Xi'an Yinqiao and its subsidiaries	723,791	850,000	126,209 *(Note 16)*	–	5 years	1. Pre-tax discount rate: 12.54% 2. Revenue growth rate of the forecast period: 2.0%-9.6% 3. Gross margin ratio of the forecast period: 19.4%-21.3%		1. Pre-tax discount rate: 12.54% 2. Revenue growth rate of the stable period: 2.0% 3. Gross margin ratio of the stable period: 21.9%	

Note 11: As at 31 December 2024, based on the results of the impairment tests, the management recognized impairment of goodwill attributable to Group arising from the acquisition of Sikeqi Hebei and its subsidiaries and Lesson Dairy and its subsidiaries of RMB23,119,869.09 and RMB101,400,000.00, respectively, which was mainly due to the underperformance against expectation of these two asset groups.

Note 12: The recoverable amount of Leshi Dairy would equal to its carrying amount if the pre-tax discount rate increased from 12.37% to 17.07%, or the revenue of the forecast period decreased by 29.1%, or the revenue growth rate of the stable period decreased from 2.0% to (2.7%), or the gross profit margin of the forecast period decreased by 16.4%, or the gross profit margin of the stable period decreased by 26.6%.

Note 13: The recoverable amount of Derong Packaging and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 14.63% to 17.64%, or the revenue of the forecast period decreased by 18.1%, or the revenue growth rate of the stable period decreased from 2.0% to (2.7%), or the gross profit margin of the forecast period decreased by 14.4%, or the gross profit margin of the stable period decreased by 26.1%.

Note 14: If the revenue for the five-year budget period was reduced by 1.0%, while other parameters remain constant, the recoverable amount of Sikeqi Hebei and its subsidiaries will be approximately RMB2,000,000.00 lower than the carrying amount of the impaired asset group; if the pre-tax discount rate was changed to 13.58%, while other parameters remain constant, the recoverable amount of Sikeqi Hebei and its subsidiaries will be approximately RMB3,000,000.00 lower than the carrying amount of the impaired asset group; if the revenue growth rate of the stable period was changed to 1.5%, while other parameters remain constant, the recoverable amount of Sikeqi Hebei and its subsidiaries will be approximately RMB1,000,000.00 lower than the carrying amount of the impaired asset group.

Note 15: If the revenue for the five-year budget period was reduced by 1.0%, while other parameters remain constant, the recoverable amount of Lesson Dairy and its subsidiaries will be approximately RMB29,000,000.00 lower than the carrying amount of the impaired asset group; if the pre-tax discount rate was changed to 12.88%, while other parameters remain constant, the recoverable amount of Lesson Dairy and its subsidiaries will be approximately RMB51,000,000.00 lower than the carrying amount of the impaired asset group; if the revenue growth rate of the stable period was changed to 1.5%, while other parameters remain constant, the recoverable amount of Lesson Dairy and its subsidiaries will be approximately RMB33,000,000.00 lower than the carrying amount of the impaired asset group.

Note 16: The recoverable amount of Xi'an Yinqiao and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 12.54% to 14.44%, or the revenue of the forecast period decreased by 16.8%, or the revenue growth rate of the stable period decreased from 2.0% to (0.7%), or the gross profit margin of the forecast period decreased by 5.2%, or the gross profit margin of the stable period decreased by 8.2%.

31 December 2025

RMB'000

Asset group	Carrying amount	Recoverable amount	Headroom amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Leshi Dairy	87,786	129,000	41,214 *(Note 17)*	–	5 years	1. Pre-tax discount rate: 11.84% 2. Revenue growth rate of the forecast period: 0.1%-1.8% 3. Gross margin ratio of the forecast period: 6.0%-6.8%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 11.84% 2. Revenue growth rate of the stable period: 1.0% 3. Gross margin ratio of the stable period: 5.1%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.
Derong Packaging and its subsidiaries	514,650	615,000	100,350 *(Note 18)*	–	5 years	1. Pre-tax discount rate: 15.78% 2. Revenue growth rate of the forecast period: 1.0%-1.4% 3. Gross margin ratio of the forecast period: 20.5%-22.6%		1. Pre-tax discount rate: 15.78% 2. Revenue growth rate of the stable period: 1.0% 3. Gross margin ratio of the stable period: 21.7%	
Lesson Dairy and its subsidiaries	1,156,122	1,175,000	18,878 *(Note 19)*	–	5 years	1. Pre-tax discount rate: 11.66% 2. Revenue growth rate of the forecast period: 2.4%-15.0% 3. Gross margin ratio of the forecast period: 20.5%-22.0%		1. Pre-tax discount rate: 11.66% 2. Revenue growth rate of the stable period:1.0% 3. Gross margin ratio of the stable period: 22.8%	
Xi'an Yinqiao and its subsidiaries	729,174	802,000	72,826 *(Note 20)*	–	5 years	1. Pre-tax discount rate: 11.73% 2. Revenue growth rate of the forecast period: 1.5%-10.8% 3. Gross margin ratio of the forecast period: 20.6%-22.7%		1. Pre-tax discount rate: 11.73% 2. Revenue growth rate of the stable period: 1.0% 3. Gross margin ratio of the stable period: 23.0%	

Note 17: The recoverable amount of Leshi Dairy would equal to its carrying amount if the pre-tax discount rate increased from 11.84% to 20.58%, or the revenue of the forecast period decreased by 42.5%, or the revenue growth rate of the stable period decreased from 1.0% to (7.1%), or the gross profit margin of the forecast period decreased by 17.3%, or the gross profit margin of the stable period decreased by 31.7%.

Note 18: The recoverable amount of Derong Packaging and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 15.78% to 18.33%, or the revenue of the forecast period decreased by 13.1%, or the revenue growth rate of the stable period decreased from 1.0% to (3.6%), or the gross profit margin of the forecast period decreased by 10.4%, or the gross profit margin of the stable period decreased by 20.5%.

Note 19: The recoverable amount of Lesson Dairy and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 11.66% to 11.86%, or the revenue of the forecast period decreased by 1.8%, or the revenue growth rate of the stable period decreased from 1.0% to 0.7%, or the gross profit margin of the forecast period decreased by 0.7%, or the gross profit margin of the stable period decreased by 1.1%.

Note 20: The recoverable amount of Xi'an Yinqiao and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 11.73% to 12.86%, or the revenue of the forecast period decreased by 10.2%, or the revenue growth rate of the stable period decreased from 1.0% to (0.7%), or the gross profit margin of the forecast period decreased by 3.3%, or the gross profit margin of the stable period decreased by 5.3%.

30 June 2026

RMB'000

Asset group	Carrying amount	Recoverable amount	Headroom amount	Impairment amount	Years of the forecast period	Key parameters of the forecast period	Determination basis of key parameters of the forecast period	Key parameter of the stable period	Determination basis of key parameters in the stable period
Xi'an Yinqiao and its subsidiaries . .	708,047	756,000	47,953 *(note 21, 22)*	–	5 years	1. Pre-tax discount rate: 11.50% 2. Revenue growth rate of the forecast period: 1.5%-8.1% 3. Gross margin ratio of the forecast period: 19.2%-20.7%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate range and gross margin ratio of the forecast period: comprehensively considering factors such as business operations, performance, key financial indicators, and market environment of the relevant asset group.	1. Pre-tax discount rate: 11.50% 2. Revenue growth rate of the stable period: 1.0% 3. Gross margin ratio of the stable period: 21.2%	1. Discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group. 2. Revenue growth rate of the stable period is comprehensively determined by considering the long-term average growth rates of the products, markets, industries, or countries/regions in which the relevant asset group operates. 3. Gross margin ratio of the stable period: comprehensively considering factors such as the forward-looking business operations, performance, key financial indicators, and market environment of the relevant asset group.

Note 21: In the first half of 2026, due to the underperformance against expectation, the management identified impairment indicators for the Xi'an Yinqiao and its subsidiaries and conducted impairment test as at 30 June 2026.

Note 22: The recoverable amount of Xi'an Yinqiao and its subsidiaries would equal to its carrying amount if the pre-tax discount rate increased from 11.50% to 12.24%, or the revenue of the forecast period decreased by 7.2%, or the revenue growth rate of the stable period decreased from 1.0% to 0.02%, or the gross profit margin of the forecast period decreased by 2.3%, or the gross profit margin of the stable period decreased by 3.5%.

18. LONG-TERM DEFERRED EXPENSES

2023

RMB

Items	1 January 2023	Business combination	Additions	Amortisation	31 December 2023
Renovation costs	11,330,818.10	5,328,887.71	1,535,083.69	(3,599,328.50)	14,595,461.00
Service fees	–	436,893.27	4,398,176.98	(424,450.16)	4,410,620.09
Equipment purchase costs for promotion	28,229,709.50	–	–	(15,258,166.80)	12,971,542.70
Others	4,488,974.20	5,060,705.15	5,292,998.21	(4,094,733.12)	10,747,944.44
Total	44,049,501.80	10,826,486.13	11,226,258.88	(23,376,678.58)	42,725,568.23

2024

RMB

Items	1 January 2024	Additions	Amortisation	31 December 2024
Renovation costs	14,595,461.00	1,006,945.42	(3,515,295.55)	12,087,110.87
Service fees	4,410,620.09	10,002,072.58	(5,376,372.72)	9,036,319.95
Equipment purchase costs for promotion	12,971,542.70	6,544,300.65	(10,234,627.20)	9,281,216.15
Others	10,747,944.44	11,776,335.46	(4,514,012.23)	18,010,267.67
Total	42,725,568.23	29,329,654.11	(23,640,307.70)	48,414,914.64

2025

RMB

Items	1 January 2025	Additions	Amortisation	31 December 2025
Renovation costs	12,087,110.87	535,826.46	(2,629,144.91)	9,993,792.42
Service fees	9,036,319.95	3,046,352.28	(6,150,628.62)	5,932,043.61
Equipment purchase costs for promotion	9,281,216.15	–	(5,715,951.01)	3,565,265.14
Others	18,010,267.67	1,708,812.56	(4,253,137.21)	15,465,943.02
Total	48,414,914.64	5,290,991.30	(18,748,861.75)	34,957,044.19

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Amortisation	30 June 2026
Renovation costs	9,993,792.42	5,869,413.91	(1,480,909.16)	14,382,297.17
Service fees	5,932,043.61	4,756,324.69	(4,101,177.79)	6,587,190.51
Equipment purchase costs for promotion	3,565,265.14	–	(1,609,691.59)	1,955,573.55
Others	15,465,943.02	3,077,792.86	(2,188,978.58)	16,354,757.30
Total	34,957,044.19	13,703,531.46	(9,380,757.12)	39,279,818.53

19. DEFERRED TAX ASSETS/LIABILITIES

(1) Deferred tax assets before offsetting

RMB

Items	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Contract liabilities	966,284,589.81	239,925,405.22	870,068,431.47	213,291,002.35	757,506,648.22	186,354,501.42	660,712,369.26	163,396,458.64
Deferred income	652,677,207.80	163,105,301.96	574,292,087.71	143,543,873.42	506,629,464.86	126,326,992.36	460,326,486.52	114,698,572.94
Accounts Payable/Other Payables	499,496,613.67	123,351,066.54	252,203,491.64	61,671,443.37	342,991,876.48	84,950,786.40	449,168,490.26	111,506,313.92
Tax losses	734,502,154.57	180,806,767.79	399,966,341.62	93,490,100.78	340,249,087.87	73,077,901.00	229,162,935.25	57,071,934.61
Provision for impairment of assets	185,987,801.25	46,418,137.95	195,835,403.45	47,159,400.74	158,975,051.01	39,003,235.69	163,311,569.39	40,087,365.26
Share-based payments	68,726,411.14	17,181,602.78	106,230,259.61	26,146,117.29	144,970,867.16	35,558,701.57	165,430,230.83	41,114,756.99
Provision for impairment of inventories	109,289,922.62	26,990,516.16	70,381,241.84	17,217,640.04	86,066,686.26	21,323,810.80	76,756,346.79	19,250,464.85
Unrealised profit for intra-group transactions	70,088,913.20	17,522,228.30	76,438,445.70	19,109,611.42	84,219,868.38	21,054,967.10	73,906,464.57	18,476,616.14
Lease liabilities	18,970,286.13	4,724,042.25	62,072,670.07	15,362,275.15	72,786,743.36	17,995,086.79	74,446,677.56	18,555,955.11
Credit loss allowance	78,299,911.53	17,637,366.99	44,553,028.03	10,229,614.69	58,718,679.35	13,932,668.15	67,534,715.13	16,453,299.67
Losses from changes in fair values	16,801,000.00	4,200,250.00	16,801,000.00	4,200,250.00	16,801,000.00	4,200,250.00	16,801,000.00	4,200,250.00
Over-expenditure on public welfare donations	–	–	34,150.00	8,537.50	27,030.00	1,351.50	–	–
Total	3,401,124,811.72	841,862,685.94	2,668,876,551.14	651,429,866.75	2,569,943,002.95	623,780,252.78	2,437,557,285.56	604,811,988.13

(2) Deferred tax liabilities before offsetting

RMB

Items	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustments for business combinations	822,454,333.80	143,113,733.85	779,276,996.03	133,547,053.85	748,294,235.70	126,996,252.93	735,031,752.81	151,505,629.09
Difference in depreciation of fixed assets	175,339,317.35	43,651,270.49	172,354,216.12	43,088,554.03	184,512,296.28	46,128,074.06	186,587,763.61	46,646,940.91
Right-of-use assets	24,635,050.88	5,633,866.91	68,051,534.24	16,382,274.67	75,955,207.90	18,359,554.77	88,266,418.07	21,734,698.69
Gains from changes in fair value of derivative financial instruments and other equity instrument investments, and unrealised investment income	27,923,273.83	6,980,818.47	7,400,000.00	1,850,000.00	7,400,000.00	1,850,000.00	7,400,000.00	1,850,000.00
Total	1,050,351,975.86	199,379,689.72	1,027,082,746.39	194,867,882.55	1,016,161,739.88	193,333,881.76	1,017,285,934.49	221,737,268.69

(3) Deferred tax assets or liabilities that are presented at the net amount after offsetting

RMB

	Year/Period-end offsetting amount for deferred tax assets and liabilities			
Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Deferred tax assets	53,631,611.60	56,250,090.55	60,362,297.06	61,344,146.10
Deferred tax liabilities	53,631,611.60	56,250,090.55	60,362,297.06	61,344,146.10

RMB

	Closing balance of deferred tax assets or liabilities after offsetting			
Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Deferred tax assets	788,231,074.34	595,179,776.20	563,417,955.72	543,467,842.03
Deferred tax liabilities	145,748,078.12	138,617,792.00	132,971,584.70	160,393,122.59

(4) Details of unrecognised deferred tax assets

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Deductible temporary differences	90,822,219.23	382,138,643.45	292,593,623.39	266,723,870.16
Tax losses	40,513,361.46	10,499,104.32	98,094,177.20	159,505,753.54
Total	131,335,580.69	392,637,747.77	390,687,800.59	426,229,623.70

(5) Unrecognised tax losses will expire in the following years:

RMB

Year	31 December 2023	31 December 2024	31 December 2025	30 June 2026
2024	1,379,231.04	–	–	–
2025	6,104,278.33	1,439,391.03	–	–
2026	11,286,352.82	583,243.11	583,243.11	372,887.70
2027	11,562,850.15	7,316,350.42	548,922.34	548,922.34
2028	10,180,649.12	10,819.98	–	–
2029	–	1,149,299.78	895,934.18	890,568.73
2030	–	–	96,066,077.57	96,063,735.84
2031	–	–	–	61,629,638.93
Total	40,513,361.46	10,499,104.32	98,094,177.20	159,505,753.54

20. OTHER NON-CURRENT ASSETS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Prepayments for construction and equipment	89,906,977.31	43,705,759.89	97,329,423.11	182,192,079.01
Prepayments for land use rights	45,617,920.00	42,997,254.70	36,580,054.05	36,477,210.05
Prepayments for dairy cows	10,603,462.50	–	–	–
Others	8,641,016.00	35,962,380.69	31,289,834.18	34,360,020.26
Total	154,769,375.81	122,665,395.28	165,199,311.34	253,029,309.32

21. ASSETS WITH RESTRICTED OWNERSHIP OR RESTRICTED RIGHT OF USE

RMB

	31 December 2023			
Items	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at bank and on hand	134,526,614.72	134,526,614.72	Used as security or guarantee deposits and other restrictions	Bill deposits, letter of guarantees deposits, letter of credit deposits, and other restrictions, see Note (VI) 57 (5) for details.
Bills receivable	2,450,000.00	2,450,000.00	Endorsed or discounted but not derecognised	See Note (VI) 3 for details.
Fixed assets	383,923,280.14	161,785,625.18	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Intangible assets	95,827,150.26	83,867,159.36	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Total	616,727,045.12	382,629,399.26		

RMB

	31 December 2024			
Items	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at bank and on hand	107,219,067.61	107,219,067.61	Used as security or guarantee deposits and other restrictions	Bill deposits, letter of guarantees deposits, and other restrictions, see Note (VI) 57 (5) for details.
Bills receivable	2,400,000.00	2,400,000.00	Endorsed or discounted but not derecognised	See Note (VI) 3 for details.
Fixed assets	337,878,273.93	246,624,194.33	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Intangible assets	73,087,695.10	61,211,046.96	Pledged	Pledged to obtain short-term and long-term borrowings, see Note (VI) 22 and Note (VI) 31 for details.
Total	520,585,036.64	417,454,308.90		

RMB

	31 December 2025			
Items	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at bank and on hand	38,636,825.13	38,636,825.13	Used as security or guarantee deposits and other restrictions	Bill deposits, letter of guarantees deposits, and other restrictions, see Note (VI) 57 (5) for details.
Bills receivable	1,774,456.00	1,774,456.00	Endorsed or discounted but not derecognised	See Note (VI) 3 for details.
Fixed assets	728,226,914.27	558,280,017.68	Pledged	Pledged to obtain long-term borrowings, see Note (VI) 31 for details.
Intangible assets	63,457,921.26	53,526,745.25	Pledged	Pledged to obtain long-term borrowings, see Note (VI) 31 for details.
Total	832,096,116.66	652,218,044.06		

RMB

	30 June 2026			
Items	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at bank and on hand	46,626,307.41	46,626,307.41	Used as security or guarantee deposits and other restrictions	Bill deposits, letter of guarantees deposits, and other restrictions, see Note (VI) 57 (5) for details.
Bills receivable	339,662.65	339,662.65	Endorsed or discounted but not derecognised	See Note (VI) 3 for details.
Fixed assets	727,326,731.38	535,209,268.77	Pledged	Pledged to obtain long-term borrowings, see Note (VI) 31 for details.
Intangible assets	63,457,921.26	52,690,898.10	Pledged	Pledged to obtain long-term borrowings, see Note (VI) 31 for details.
Total	837,750,622.70	634,866,136.93		

22. SHORT-TERM BORROWINGS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Unsecured borrowings	674,070,570.20	727,460,931.94	875,358,433.32	794,260,944.44
Guaranteed borrowings	1,207,826,329.27	1,493,645,442.44	913,332,673.56	1,413,030,029.20
Secured borrowings	50,048,888.89	20,018,333.33	–	–
Guaranteed and secured borrowings	8,003,350.00	–	–	–
Total	1,939,949,138.36	2,241,124,707.71	1,788,691,106.88	2,207,290,973.64

As at 31 December 2023, the Group obtained short-term borrowings of RMB1,207,826,329.27, which were guaranteed by entities within the Group. Additionally, the Group obtained short-term borrowings of RMB50,048,888.89, which were secured by fixed assets with carrying amount of RMB20,147,943.99 and intangible assets with carrying amount of RMB6,788,343.10. The Group obtained short-term borrowings of RMB8,003,350.00, which were secured by fixed assets with carrying amount of RMB63,996,557.06 and guaranteed by subsidiaries of the Group.

As at 31 December 2024, the Group obtained short-term borrowings of RMB1,493,645,442.44, which were guaranteed by entities within the Group. Additionally, the Group obtained short-term borrowings of RMB20,018,333.33 and long-term borrowings of RMB30,028,416.67, which were secured by fixed assets with carrying amount of RMB23,151,666.52 and intangible assets with carrying amount of RMB6,598,609.65, respectively.

As at 31 December 2025, the Group obtained short-term borrowings of RMB 913,332,673.56, which were guaranteed by entities within the Group.

As at 30 June 2026, the Group obtained short-term borrowings of RMB1,413,030,029.20, which were guaranteed by entities within the Group.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the above borrowings carried interest at annual rates ranging 2.85%-5.40%, 2.60%-3.45%, 0.40 %-3.80% and 0.55 %-3.80 % respectively.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no short-term borrowings overdue but not yet paid.

23. BILLS PAYABLE

RMB

Category	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Bank acceptances bills	277,266,483.87	359,124,802.69	215,239,143.74	2,389,929.27
Total	277,266,483.87	359,124,802.69	215,239,143.74	2,389,929.27

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no bills payable overdue but not yet paid.

24. ACCOUNTS PAYABLE

(1) Disclosed by the nature of accounts payable

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Payables for purchase of goods *(Note)*	2,291,851,358.27	2,279,739,670.78	2,768,411,648.34	1,987,495,204.41
Payables for freight	145,150,429.89	232,724,819.98	206,076,968.55	162,719,965.44
Payables for constructions	124,561,429.87	131,626,700.50	118,575,915.90	90,162,269.16
Total	2,561,563,218.03	2,644,091,191.26	3,093,064,532.79	2,240,377,439.01

Note: In order to ensure easy access to credit for its suppliers and facilitate early settlement, the Group has entered into supplier finance arrangements with financial institutions that permit certain suppliers to obtain payment from the banks before the invoice due date and bear the associated financing costs. The Group repays the financial institutions with the full invoice amounts no later than the credit period as agreed with the suppliers. Therefore, the amounts payable to financial institutions are classified as trade payables. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the balances of the aforementioned accounts payable were RMB430,175,371.81, RMB536,928,764.09, RMB541,331,748.13 and RMB212,584,730.01, respectively.

(2) Disclosed by aging:

The following is an aged analysis of accounts payable of the Group presented based on the date of purchase of goods or receipt of services:

RMB

Aging	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Within 1 year (inclusive)	2,548,252,951.63	2,616,513,619.19	3,022,291,191.04	2,143,381,596.34
1 to 2 years (inclusive)	10,681,136.98	22,327,471.65	69,555,062.94	89,954,461.11
2 to 3 years (inclusive)	1,247,134.02	2,783,679.40	573,042.13	6,904,576.56
Over 3 years	1,381,995.40	2,466,421.02	645,236.68	136,805.00
Total	2,561,563,218.03	2,644,091,191.26	3,093,064,532.79	2,240,377,439.01

Accounts payable are non-interest-bearing and are generally settled within 3 to 6 months.

(3) Significant accounts payable aged over one year or overdue

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no significant accounts payable aged over one year and no significant accounts payable overdue but not yet paid.

25. CONTRACT LIABILITIES

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Receipts in advance on sales of goods *(Note 1, Note 2)*	1,440,969,024.80	1,388,263,098.71	1,170,554,238.18	1,048,966,587.41
Other receipts in advance *(Note 3)*	522,233,010.11	540,134,989.87	5,397,046.14	–
Total	1,963,202,034.91	1,928,398,088.58	1,175,951,284.32	1,048,966,587.41

Note 1: For the sale of goods, revenue is recognised when control of the goods has been transferred to the customers. When a customer makes an advance payment, the Group recognises the transaction price received as a contract liability until control of the goods has been transferred to the customer.

Contract liabilities are also recognised for the sales incentives granted to the customers if they purchase over a certain value, as the Group has determined that the sales incentives given to the customers provide those customers with a material right. Revenue from the sales incentive is recognised when the incentives are redeemed by the customer and the control of the corresponding goods has been transferred to the customer.

Note 2: During the year ended 31 December 2023, contract liabilities with a carrying amount of RMB 1,967,989,602.74 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 31 December 2023 is expected to be recognised as revenue in 2024 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

During the year ended 31 December 2024, contract liabilities with a carrying amount of RMB1,358,158,082.94 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 31 December 2024 is expected to be recognised as revenue in 2025 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

During the year ended 31 December 2025, contract liabilities with a carrying amount of RMB1,276,709,178.27 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 31 December 2025 is expected to be recognised as revenue in 2026 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

During the six months ended 30 June 2026, contract liabilities with a carrying amount of RMB898,694,087.06 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 30 June 2026 is expected to be recognised as revenue in the second half of 2026 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

Note 3: Other receipts in advance are as follows:

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Completion date	Proportion of accumulated sale as at 30 June 2026 *(Note)*
						(%)
Junju Yuefu Project . . .	448,213,800.00	466,115,779.76	5,397,046.14	–	June 2025	46.67
Other project	74,019,210.11	74,019,210.11	–	–	December 2025	90.25
Total	522,233,010.11	540,134,989.87	5,397,046.14	–		/

Other receipts in advance were the pre-sale proceeds from properties. The Group typically collects full contractual consideration as deposits from customers upon signing property purchase contracts.

During the year ended 31 December 2023, RMB nil of the other receipts in advance as at the beginning of the year were recognised as revenue as the relevant project has not been completed. The carrying amount of other receipts in advance as of 31 December 2023 is expected to be recognised as revenue in 2024.

During the year ended 31 December 2024, RMB nil of other receipts in advance as at the beginning of the year were recognised as revenue due to project delays. The carrying amount of other receipts in advance as of 31 December 2024 is expected to be recognised as revenue in 2025.

During the year ended 31 December 2025, other receipts in advance with a carrying amount of RMB 536,250,057.87 as at the beginning of the year were recognised as revenue. The carrying amount of other receipts in advance as of 31 December 2025 is expected to be recognised as revenue in 2026.

During the six months ended 30 June 2026, other receipts in advance with a carrying amount of RMB 5,397,046.14 as at the beginning of the year were recognised as revenue.

Note: As of 30 June 2026, the Group has reclassified unsold properties of Junju Yuefu project and other project as own-use properties. The proportion of accumulated sale does not include the impact of such reclassification from the properties for sale to fixed assets.

Significant changes in carrying amount during the reporting period and reasons

2025

RMB

Items	Changes in the opening balance of contract liabilities	Reason for Change
Junju Yuefu Project	(462,230,847.76)	Carryover Income
Other project	(74,019,210.11)	Carryover Income
Total	(536,250,057.87)	/

Six months ended 30 June 2026

RMB

Items	Changes in the opening balance of contract liabilities	Reason for Change
Junju Yuefu Project	(5,397,046.14)	Carryover Income
Total	(5,397,046.14)	/

26. EMPLOYEE BENEFITS PAYABLE

(1) Changes in employee benefits payable

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
1. Short-term employee benefits	199,726,553.53	1,931,547,376.36	(1,877,906,296.97)	253,367,632.92
2. Post-employment benefits defined contribution plans	1,633,309.81	182,638,416.27	(183,827,527.59)	444,198.49
3. Termination benefits	–	10,764,210.12	(10,533,910.12)	230,300.00
4. Others	–	43,574.08	(43,574.08)	–
Total	201,359,863.34	2,124,993,576.83	(2,072,311,308.76)	254,042,131.41

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
1. Short-term employee benefits	253,367,632.92	2,219,303,413.85	(2,201,403,190.53)	271,267,856.24
2. Post-employment benefits defined contribution plans	444,198.49	227,002,511.50	(226,141,779.75)	1,304,930.24
3. Termination benefits	230,300.00	18,800,506.73	(19,029,824.47)	982.26
Total	254,042,131.41	2,465,106,432.08	(2,446,574,794.75)	272,573,768.74

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
1. Short-term employee benefits	271,267,856.24	2,344,410,357.81	(2,366,701,275.64)	248,976,938.41
2. Post-employment benefits defined contribution plans	1,304,930.24	236,094,419.22	(235,977,520.55)	1,421,828.91
3. Termination benefits	982.26	11,829,063.69	(11,830,045.95)	–
Total	272,573,768.74	2,592,333,840.72	(2,614,508,842.14)	250,398,767.32

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
1. Short-term employee benefits	271,267,856.24	1,152,148,720.61	(1,223,765,895.06)	199,650,681.79
2. Post-employment benefits defined contribution plans	1,304,930.24	113,832,388.65	(113,593,377.78)	1,543,941.11
3. Termination benefits	982.26	5,726,495.76	(5,727,478.02)	–
Total	272,573,768.74	1,271,707,605.02	(1,343,086,750.86)	201,194,622.90

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
1. Short-term employee benefits	248,976,938.41	1,185,984,740.60	(1,236,979,491.60)	197,982,187.41
2. Post-employment benefits defined contribution plans	1,421,828.91	121,208,054.50	(121,236,528.79)	1,393,354.62
3. Termination benefits	–	6,966,607.09	(6,966,607.09)	–
Total	250,398,767.32	1,314,159,402.19	(1,365,182,627.48)	199,375,542.03

(2) Details of short-term employee benefits

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
1. Wages or salaries, bonuses, allowances and subsidies	198,139,593.51	1,562,393,807.16	(1,511,736,004.07)	248,797,396.60
2. Staff welfare	333,656.20	140,465,714.25	(140,186,750.11)	612,620.34
3. Social insurance allowances	542,727.61	110,477,135.39	(110,857,317.53)	162,545.47
Including: Basic medical insurance	534,391.48	97,620,640.69	(98,001,942.30)	153,089.87
Work-related injury insurance	8,336.13	6,748,467.81	(6,747,355.20)	9,448.74
Maternity insurance	–	6,108,026.89	(6,108,020.03)	6.86
4. Housing provident fund	456,568.40	106,392,188.38	(103,179,067.88)	3,669,688.90
5. Labour union fund and employee education costs	254,007.81	11,818,531.18	(11,947,157.38)	125,381.61
Total	199,726,553.53	1,931,547,376.36	(1,877,906,296.97)	253,367,632.92

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
1. Wages or salaries, bonuses, allowances and subsidies	248,797,396.60	1,807,851,636.59	(1,786,857,761.72)	269,791,271.47
2. Staff welfare	612,620.34	149,891,706.62	(150,422,604.75)	81,722.21
3. Social insurance allowances	162,545.47	129,205,271.06	(128,867,067.14)	500,749.39
Including: Basic medical insurance	153,089.87	116,972,283.08	(116,654,190.45)	471,182.50
Work-related injury insurance	9,448.74	8,116,515.99	(8,096,464.25)	29,500.48
Maternity insurance	6.86	4,116,471.99	(4,116,412.44)	66.41
4. Housing provident fund	3,669,688.90	124,460,421.25	(127,362,104.92)	768,005.23
5. Labour union fund and employee education costs	125,381.61	7,894,378.33	(7,893,652.00)	126,107.94
Total	253,367,632.92	2,219,303,413.85	(2,201,403,190.53)	271,267,856.24

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
1. Wages or salaries, bonuses, allowances and subsidies	269,791,271.47	1,901,549,419.38	(1,923,960,504.16)	247,380,186.69
2. Staff welfare	81,722.21	163,373,869.12	(163,392,646.42)	62,944.91
3. Social insurance allowances	500,749.39	138,429,003.17	(138,277,448.75)	652,303.81
Including: Basic medical insurance	471,182.50	117,565,998.91	(117,426,912.20)	610,269.21
Work-related injury insurance	29,500.48	18,327,932.63	(18,315,584.02)	41,849.09
Maternity insurance	66.41	2,535,071.63	(2,534,952.53)	185.51
4. Housing provident fund	768,005.23	132,335,579.52	(132,351,383.51)	752,201.24
5. Labour union fund and employee education costs	126,107.94	8,722,486.62	(8,719,292.80)	129,301.76
Total	271,267,856.24	2,344,410,357.81	(2,366,701,275.64)	248,976,938.41

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
1. Wages or salaries, bonuses, allowances and subsidies	269,791,271.47	931,905,588.34	(1,003,377,782.01)	198,319,077.80
2. Staff welfare	81,722.21	80,172,211.17	(80,180,788.47)	73,144.91
3. Social insurance allowances	500,749.39	71,584,995.00	(71,837,212.05)	248,532.34
Including: Basic medical insurance	471,182.50	57,632,518.83	(57,891,107.27)	212,594.06
Work-related injury insurance	29,500.48	12,689,866.83	(12,683,536.24)	35,831.07
Maternity insurance	66.41	1,262,609.34	(1,262,568.54)	107.21
4. Housing provident fund	768,005.23	64,977,414.00	(65,041,112.80)	704,306.43
5. Labour union fund and employee education costs	126,107.94	3,508,512.10	(3,328,999.73)	305,620.31
Total	271,267,856.24	1,152,148,720.61	(1,223,765,895.06)	199,650,681.79

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
1. Wages or salaries, bonuses, allowances and subsidies	247,380,186.69	966,847,538.77	(1,018,023,373.43)	196,204,352.03
2. Staff welfare	62,944.91	80,148,231.07	(80,138,431.07)	72,744.91
3. Social insurance allowances	652,303.81	67,729,405.64	(67,737,081.80)	644,627.65
Including: Basic medical insurance	610,269.21	60,898,700.13	(60,910,184.86)	598,784.48
Work-related injury insurance	41,849.09	5,548,496.27	(5,544,687.70)	45,657.66
Maternity insurance	185.51	1,282,209.24	(1,282,209.24)	185.51
4. Housing provident fund	752,201.24	67,560,796.77	(67,469,504.28)	843,493.73
5. Labour union fund and employee education costs	129,301.76	3,698,768.35	(3,611,101.02)	216,969.09
Total	248,976,938.41	1,185,984,740.60	(1,236,979,491.60)	197,982,187.41

(3) Post-employment benefits — defined contribution plan

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
1. Basic pension insurance	1,565,681.34	175,278,990.94	(176,413,673.62)	430,998.66
2. Unemployment insurance	67,628.47	7,359,425.33	(7,413,853.97)	13,199.83
Total	1,633,309.81	182,638,416.27	(183,827,527.59)	444,198.49

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
1. Basic pension insurance	430,998.66	217,788,446.84	(216,965,938.66)	1,253,506.84
2. Unemployment insurance	13,199.83	9,214,064.66	(9,175,841.09)	51,423.40
Total	444,198.49	227,002,511.50	(226,141,779.75)	1,304,930.24

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
1. Basic pension insurance .	1,253,506.84	226,546,064.56	(226,432,538.03)	1,367,033.37
2. Unemployment insurance .	51,423.40	9,548,354.66	(9,544,982.52)	54,795.54
Total	1,304,930.24	236,094,419.22	(235,977,520.55)	1,421,828.91

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
1. Basic pension insurance .	1,253,506.84	109,020,797.12	(108,994,666.76)	1,279,637.20
2. Unemployment insurance .	51,423.40	4,811,591.53	(4,598,711.02)	264,303.91
Total	1,304,930.24	113,832,388.65	(113,593,377.78)	1,543,941.11

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
1. Basic pension insurance .	1,367,033.37	116,327,809.99	(116,355,227.15)	1,339,616.21
2. Unemployment insurance .	54,795.54	4,880,244.51	(4,881,301.64)	53,738.41
Total	1,421,828.91	121,208,054.50	(121,236,528.79)	1,393,354.62

The Group participates in the pension insurance plan and unemployment insurance plan established by government agencies according to regulations. For the year of 2023, the contribution rates were 14.00%-16.00% and 0.30%-0.90% of the employee salary base, respectively. For the year of 2024, the Group made monthly contributions to these plans at rates ranging from 14.00%-16.00% and 0.50%-0.90% of the employee salary base, respectively, and for the year of 2025, the Group made monthly contributions to these plans at rates ranging from 16.00%-17.00% and 0.50%-0.80% of the employee salary base, respectively. For the six months ended 30 June 2025 (Unaudited), the Group made monthly contributions to these plans at rates ranging from 16.00%-17.00% and 0.50%-0.80% of the employee salary base, respectively, and for the six months ended 30 June 2026, the Group made monthly contributions to these plans at rates ranging from 16.00%-17.00% and 0.50%-0.80% of the employee salary base, respectively. Except for the above monthly contributions, the Group will not undertake further payment obligations. The relevant amounts are included in profit or loss or the costs of the underlying assets for the period in which they are incurred.

In 2023, the Group should contribute RMB175,278,990.94 and RMB7,359,425.33 to pension insurance plan and unemployment insurance plan, respectively. As at 31 December 2023, the Group had outstanding contribution payables of RMB430,998.66 and RMB13,199.83 that were due in 2023 but not yet paid to these insurance plans respectively. Relevant payments have been made subsequent to 31 December 2023.

In 2024, the Group should contribute RMB217,788,446.84 and RMB9,214,064.66 to pension insurance plan and unemployment insurance plan, respectively. As at 31 December 2024, the Group had outstanding contribution payables of RMB1,253,506.84 and RMB51,423.40 that were due in 2024 but not yet paid to these insurance plans, respectively. Relevant payments have been made subsequent to 31 December 2024.

In 2025, the Group should contribute RMB 226,546,064.56 and RMB 9,548,354.66 to pension insurance plan and unemployment insurance plan, respectively. As at 31 December 2025, the Group had outstanding contribution payables of RMB 1,367,033.37 and RMB 54,795.54 that were due in 2025 but not yet paid to these insurance plans, respectively. Relevant payments have been made subsequent to 31 December 2025.

In the six months ended 30 June 2025 (Unaudited), the Group should contribute RMB109,020,797.12 and RMB4,811,591.53 to pension insurance plan and unemployment insurance plan, respectively. As at 30 June 2025, the Group had outstanding contribution payables of RMB1,279,637.20 and RMB264,303.91 that were due in the six months ended 30 June 2025 (Unaudited) but not yet paid to these insurance plans, respectively. Relevant payments have been made subsequent to 30 June 2025.

In the six months ended 30 June 2026, the Group should contribute RMB116,327,809.99 and RMB4,880,244.51 to pension insurance plan and unemployment insurance plan, respectively. As at 30 June 2026, the Group had outstanding contribution payables of RMB1,339,616.21 and RMB53,738.41 that were due in the six months ended 30 June 2026 but not yet paid to these insurance plans, respectively. Relevant payments have been made subsequent to 30 June 2026.

27. TAXES PAYABLE

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Individual income tax	11,082,470.16	5,206,076.74	67,184,686.32	5,264,488.06
Enterprise income tax	32,953,752.65	58,579,379.81	78,505,362.61	42,466,246.05
VAT	18,895,049.41	25,557,738.48	47,902,728.45	28,082,192.71
Stamp tax	5,741,932.22	5,720,424.92	6,072,639.38	6,633,587.27
Urban maintenance and construction tax	1,507,835.73	1,337,310.52	3,482,715.45	1,796,784.20
Real estate tax	2,396,905.22	2,574,046.02	2,600,093.40	2,932,992.02
Education surcharge	689,604.05	612,173.21	1,529,722.52	820,886.96
Local education surcharge	458,263.48	408,120.02	1,019,815.08	584,686.45
Other taxes	2,902,308.21	1,752,040.90	1,801,676.46	2,524,881.39
Total	76,628,121.13	101,747,310.62	210,099,439.67	91,106,745.11

28. OTHER PAYABLES

28.1 Summary of other payables

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Dividends payable	205,463,323.42	–	7,926,750.00	127,496.81
Other payables	1,962,209,805.08	1,543,445,020.79	1,496,889,398.90	1,474,490,043.72
Total	2,167,673,128.50	1,543,445,020.79	1,504,816,148.90	1,474,617,540.53

28.2 Dividends payable

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Dividends payable *(Note)*	205,463,323.42	–	7,926,750.00	127,496.81
Total	205,463,323.42	–	7,926,750.00	127,496.81

Note: The dividends payable of RMB 7,926,750.00 as at 31 December 2025 was settled in May 2026.

28.3 Other payables

(1) Disclosed by the nature of other payables

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Payables for purchase of long-term asset	529,463,089.41	587,998,677.25	479,323,040.53	397,929,050.96
Accrued promotion and other expenses	178,848,762.98	190,177,385.52	294,015,173.92	274,001,745.99
Security deposits	366,833,856.88	278,608,923.45	287,489,040.50	249,102,758.78
Out-of-pocket expenses payable to distributors	269,846,029.73	253,421,763.19	207,673,648.74	215,872,398.06
Payables and accruals for advertising expenses	496,124,310.70	122,088,186.05	112,195,757.18	213,626,137.55
Payables for purchase of equity interests	–	602,500.00	–	–
Others	121,093,755.38	110,547,585.33	116,192,738.03	123,957,952.38
Total	1,962,209,805.08	1,543,445,020.79	1,496,889,398.90	1,474,490,043.72

(2) Significant other payables with aging of more than one year or overdue

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had accounts payable to distributors that had been outstanding for more than one year, amounting to RMB19,873,834.65, RMB25,792,932.71, RMB22,243,679.85 and RMB21,583,970.60, respectively, and there were no other significant other payables aging more than one year or overdue but unpaid.

29. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Long-term borrowings due within one year *(Note (VI) 31)*	1,336,850,621.62	2,275,541,879.43	1,268,885,963.99	863,987,288.27
Lease liabilities due within one year *(Note (VI) 32)*	67,032,414.86	58,994,181.31	44,080,626.84	46,996,219.90
Long-term payables due within one year *(Note (VI) 33)*	26,680,624.32	63,159,153.15	6,585,921.54	6,395,361.28
Total	1,430,563,660.80	2,397,695,213.89	1,319,552,512.37	917,378,869.45

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no non-current liabilities due within one year overdue but not yet paid.

30. OTHER CURRENT LIABILITIES

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Obligation to repurchase non-controlling interests *(Note (VI) 37)*	135,000,000.00	125,000,000.00	125,000,000.00	125,000,000.00
Output VAT related to receipts in advance	102,613,323.46	61,934,853.54	41,229,465.22	32,733,971.11
Payable for sales returns	8,276,144.95	3,337,819.56	2,992,843.03	3,582,757.09
Others	2,541,666.87	2,400,000.00	1,774,456.00	339,662.65
Total	248,431,135.28	192,672,673.10	170,996,764.25	161,656,390.85

31. LONG-TERM BORROWINGS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Unsecured borrowings	1,946,710,095.09	1,854,807,459.71	2,242,765,675.71	1,912,120,979.18
Guaranteed borrowings	5,178,089,544.24	4,875,798,009.79	5,606,860,351.93	5,867,558,980.84
Guaranteed and secured borrowings	737,537,733.31	631,258,914.11	523,992,137.84	446,491,492.85
Secured borrowings	–	30,028,416.67	80,056,222.22	75,598,268.06
Total	7,862,337,372.64	7,391,892,800.28	8,453,674,387.70	8,301,769,720.93
Less: Long-term borrowings due within one year *(Note (VI) 29)*	1,336,850,621.62	2,275,541,879.43	1,268,885,963.99	863,987,288.27
Including: Unsecured borrowings	761,484,714.00	83,807,459.71	361,265,675.71	254,870,979.18
Guaranteed borrowings	481,300,986.66	2,057,494,538.48	740,417,580.12	434,035,787.14
Guaranteed and secured borrowings	94,064,920.96	134,011,464.57	158,246,485.94	166,132,253.89
Secured borrowings	–	228,416.67	8,956,222.22	8,948,268.06
Long-term borrowings due after one year	6,525,486,751.02	5,116,350,920.85	7,184,788,423.71	7,437,782,432.66

As at 31 December 2023, the Group obtained long-term borrowings of RMB5,178,089,544.24 guaranteed by entities within the Group, of which the long-term borrowings of RMB481,300,986.66 was due within one year. Additionally, the Group obtained long-term borrowings of RMB737,537,733.31 by pledging fixed assets with carrying amount of RMB77,641,124.13 and intangible assets with carrying amount of RMB77,078,816.26 as collateral, together with guarantees provided by the Company or subsidiaries within the Group, of which RMB94,064,920.96 is due within one year.

As at 31 December 2024, the Group obtained long-term borrowings of RMB4,875,798,009.79 guaranteed by entities within the Group, of which the long-term borrowings of RMB2,057,494,538.48 are due within one year. The Group also obtained short-term borrowings of RMB20,018,333.33 and long-term borrowings of RMB30,028,416.67 by pledging fixed assets with carrying amount of RMB23,151,666.52 and intangible assets with carrying amount of RMB6,598,609.65 as collaterals (Note VI (22)), of which the long-term borrowings of RMB228,416.67 are due within one year. Additionally, the Group obtained long-term borrowings of RMB631,258,914.11 by pledging fixed assets with carrying amount of RMB223,472,527.81 and intangible assets with carrying amount of RMB54,612,437.31 as collaterals, together with guarantees provided by the Company or subsidiaries within the Group, of which the long-term borrowings of RMB134,011,464.57 are due within one year.

As at 31 December 2025, the Group obtained long-term borrowings of RMB5,606,860,351.93 guaranteed by entities within the Group, of which the long-term borrowings of RMB740,417,580.12 are due within one year. The Group also obtained long-term borrowings of RMB80,056,222.22 by pledging fixed assets with carrying amount of RMB50,002,341.17, of which the long-term borrowings of RMB8,956,222.22 are due within one year. Additionally, the Group obtained long-term borrowings of RMB523,992,137.84 by pledging fixed assets with carrying amount of RMB508,277,676.51 and intangible assets with carrying amount of RMB53,526,745.25 as collaterals, together with guarantees provided by the Company or subsidiaries within the Group, of which the long-term borrowings of RMB158,246,485.94 are due within one year.

As at 30 June 2026, the Group obtained long-term borrowings of RMB5,867,558,980.84 guaranteed by entities within the Group, of which the long-term borrowings of RMB434,035,787.14 are due within one year. The Group also obtained long-term borrowings of RMB75,598,268.06 by pledging fixed assets with carrying amount of RMB47,654,333.90, of which the long-term borrowings of RMB8,948,268.06 are due within one year. Additionally, the Group obtained long-term borrowings of RMB446,491,492.85 by pledging fixed assets with carrying amount of RMB487,554,934.87 and intangible assets with carrying amount of RMB52,690,898.10 as collaterals, together with guarantees provided by the Company or subsidiaries within the Group, of which the long-term borrowings of RMB166,132,253.89 are due within one year.

In May 2022, the Group obtained an unsecured long-term loan of USD150,000,000.00 from Credit Suisse AG, Singapore Branch ("CS USD Loan"). The long-term loan was scheduled to mature on May 2025, with a contractual interest rate of compounded backward-looking USD SOFR plus 1.8% ("compounded backward-looking USD SOFR" refers to the rate on the reset date representing the return on a daily compounding interest investment, where the USD SOFR referenced for interest calculation is the USD Secured Overnight Financing Rate). In July 2022, the Company entered into an interest rate swap agreement with Rabobank Nederland Shanghai Branch, converting the entire loan of USD150,000,000.00 into a fixed-rate loan. In 2023, the Company entered into a forward foreign exchange contract with Rabobank Nederland Shanghai Branch, agreeing to settle the loan of USD40,000,000.00 at a fixed exchange rate. In 2024, the Group repaid the CS USD Loan in advance and simultaneously terminated the interest rate swap agreement and forward foreign exchange contract entered into in relation to this loan.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the annual interest rates on the above borrowings were 3.00%-5.40%, 2.40%-4.25%, 2.30%-3.30% and 2.30%-3.20%, respectively.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group has no long-term borrowings overdue but not yet paid.

32. LEASE LIABILITIES

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Buildings	171,592,876.92	185,576,545.89	185,100,948.77	187,527,859.93
Land use rights	222,140,288.66	207,966,165.68	185,053,222.28	172,719,935.86
Equipment	60,871,003.08	2,272,364.87	6,861,645.72	6,293,674.07
Total	454,604,168.66	395,815,076.44	377,015,816.77	366,541,469.86
Less: Lease liabilities due within one year *(Note (VI) 29)*	67,032,414.86	58,994,181.31	44,080,626.84	46,996,219.90
Lease liabilities due after one year	387,571,753.80	336,820,895.13	332,935,189.93	319,545,249.96

33. LONG-TERM PAYABLES

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Long-term payables *(Note 1-5)*	194,631,886.52	173,108,634.01	83,468,991.64	84,730,280.18
Less: Long-term payables due within one year *(Note (VI) 29)*	26,680,624.32	63,159,153.15	6,585,921.54	6,395,361.28
Long-term payables due after one year	167,951,262.20	109,949,480.86	76,883,070.10	78,334,918.90

Note 1: In 2015, CDB Development Fund Co., Ltd. (國開發展基金有限公司) ("CDB Fund") invested RMB68,000,000.00 in Hebei Junlebao Junyuan Dairy Co., Ltd. (河北君樂寶君源乳業有限公司) ("Junyuan Dairy"), a subsidiary of the Company, representing 40.48% of Junyuan Dairy's registered capital. According to the investment agreement, CDB Fund will receive an annual fixed return during the investment period. Leshi Dairy, a subsidiary of the Company, also the controlling shareholder of Junyuan Dairy, is obliged to repurchase an equivalent proportion of investment from CDB Fund annually over the investment period. Beyond the aforementioned fixed return, CDB Fund is not entitled to any other profits from Junyuan Dairy nor does it bear any losses of Junyuan Dairy. Consequently, the Group has classified the investment received from CDB Fund as a long-term account payable measured at amortised cost. As at 31 December 2025, Junyuan Dairy has fully repaid the CBD Fund investment.

Note 2: A third-party poverty alleviation company provided funds of RMB47,559,436.78 to the Company's subsidiary, Junao Zanhuang in 2020. According to the agreement, the poverty alleviation company will recover the entire principal amount of the funds by May 2025, and is entitled to receive an annual fixed return of 6.00% during the fund occupation period. Beyond the aforementioned fixed return, the poverty alleviation company is not entitled to any other profits from Junao Zanhuang nor does it bear any losses of Junao Zanhuang. Consequently, the Group has classified the received funds as long-term payables measured at amortised cost.

Note 3: In 2021, a third-party animal husbandry station provided a fund of RMB10,000,000.00 to Junsheng Animal Husbandry, a subsidiary of the Company. According to the agreement, the animal husbandry station will recover the fund in two installments, each amounting to 50% of the total, on June 2024 and December 2024, respectively. The fund accrues fixed annual returns at a fixed interest rate of 6.00% per year. Beyond the aforementioned fixed return, the animal husbandry station is not entitled to any other profits from Junsheng Animal Husbandry nor does it bear any of its losses. Consequently, the Group has classified the fund as a long-term account payable measured at amortised cost.

Note 4: According to the cooperation agreements signed between the Company's subsidiary, Junkang Animal Husbandry, and several village committees, the village committees collectively provided funds of RMB17,500,000.00 to Junkang Animal Husbandry. The cooperation period is from August 2019 to August 2025. During this period, the village committees are entitled to an annual fixed return of 6.00%. Upon maturity, the village committees will recover the full principal amount. Beyond the aforementioned fixed return, the village committees are not entitled to any other profits from Junkang Animal Husbandry nor do they bear any of its losses. Consequently, the Group classified the received funds as a long-term account payable measured at amortised cost. In 2024, Junkang Animal Husbandry has become an associate of the Company. For details, please refer to Note (VII) 2.

Note 5: According to the cooperation agreements signed between the Company's subsidiary, Yunduan Animal Husbandry, and several village committees, the village committees respectively provided funds of RMB69,000,000.00, RMB15,000,000.00 and RMB39,000,000.00 to Yunduan Animal Husbandry. The cooperation periods are respectively 20 years, 5 years and 20 years. During the cooperation period, Yunduan Animal Husbandry is obliged to make fixed annual repayments to village committees. Beyond these fixed repayments, the village committees are not entitled to any other profits from Yunduan Animal Husbandry nor do they bear any of its losses. Consequently, the Group has classified the received funds as long-term payables measured at amortised cost.

34. PROVISIONS

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Reclamation fee	19,652,183.47	21,678,845.43	22,961,494.92	23,516,345.33
Others	–	466,585.07	–	–
Total	19,652,183.47	22,145,430.50	22,961,494.92	23,516,345.33

35. DEFERRED INCOME

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
Government grants related to assets	1,111,709,726.73	81,483,675.79	(157,557,018.05)	1,035,636,384.47
Government grants related to income	21,515,181.90	18,029,746.89	(10,451,399.20)	29,093,529.59
Total	1,133,224,908.63	99,513,422.68	(168,008,417.25)	1,064,729,914.06

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
Government grants related to assets	1,035,636,384.47	137,276,463.13	(172,003,612.20)	1,000,909,235.40
Government grants related to income	29,093,529.59	4,796,600.00	(13,931,666.22)	19,958,463.37
Total	1,064,729,914.06	142,073,063.13	(185,935,278.42)	1,020,867,698.77

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
Government grants related to assets	1,000,909,235.40	90,344,956.07	(159,235,559.61)	932,018,631.86
Government grants related to income	19,958,463.37	1,484,447.59	(11,693,224.35)	9,749,686.61
Total	1,020,867,698.77	91,829,403.66	(170,928,783.96)	941,768,318.47

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
Government grants related to assets	1,000,909,235.40	55,850,000.00	(79,636,938.42)	977,122,296.98
Government grants related to income	19,958,463.37	–	(3,156,061.10)	16,802,402.27
Total	1,020,867,698.77	55,850,000.00	(82,792,999.52)	993,924,699.25

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
Government grants related to assets	932,018,631.86	7,765,199.14	(78,606,670.30)	861,177,160.70
Government grants related to income	9,749,686.61	2,459,500.00	(3,420,851.80)	8,788,334.81
Total	941,768,318.47	10,224,699.14	(82,027,522.10)	869,965,495.51

36. PAID-IN CAPITAL/SHARE CAPITAL

For the period from 1 January 2023 to 30 June 2026

RMB

Name of shareholders	1 January 2023	Changes for the year			31 December 2023 and 31 December 2024	Changes for the year/period		31 December 2025 and 30 June 2026
		Additions	Decreases	Share conversion due to the equity restructure		Additions	Decreases	
Mr. Wei Lihua	23,357,793.00	–	–	246,952,662.00	270,310,455.00	–	–	270,310,455.00
Zhuhai Hengqin Lehuiruisheng	4,207,240.00	–	–	44,481,476.00	48,688,716.00	33,072,412.00	–	81,761,128.00
Ningbo Tanzhi Enterprise Management Consulting Partnership (Limited Partnership) (寧波探智企業管理諮詢合夥企業(有限合夥))	7,987,208.00	–	–	84,445,576.00	92,432,784.00	–	(30,553,078.00)	61,879,706.00
Chunhua Shaojing (Tianjin) Equity Investment Partnership (Limited Partnership) (春華韶景(天津)股權投資合夥企業(有限合夥))	5,391,366.00	–	–	57,000,770.00	62,392,136.00	–	(22,065,196.00)	40,326,940.00
Shijiazhuang Yuehui Xinghong	2,994,863.00	–	–	31,663,496.00	34,658,359.00	4,321,248.00	–	38,979,607.00
Tianjin Ping An Consumer Technology Investment Partnership (Limited Partnership) (天津市平安消費科技投資合夥企業(有限合夥))	3,328,003.00	–	–	35,185,653.00	38,513,656.00	–	(13,620,401.00)	24,893,255.00
Shijiazhuang Zhenlecheng	–	1,244,318.00	–	13,155,680.00	14,399,998.00	1,791,737.00	–	16,191,735.00
Zhuhai Yuanheying Investment Partnership Enterprise (Limited Partnership) (珠海遠和盈投資合夥企業(有限合夥))	1,996,802.00	–	–	21,111,394.00	23,108,196.00	–	(7,638,521.00)	15,469,675.00
Qiushi Xingde (Tianjin) Investment Center (Limited Partnership) (秋實興德(天津)投資中心(有限合夥))	1,996,802.00	–	–	21,111,394.00	23,108,196.00	–	(8,172,295.00)	14,935,901.00
Yangfu (Shijiazhuang) Dairy Equity Investment Center (Limited Partnership) (央扶(石家莊)乳業股權投資中心(有限合夥))	1,664,002.00	–	–	17,592,832.00	19,256,834.00	–	(6,365,330.00)	12,891,504.00
Zhuhai Hengqin Yuehui Xinghong No.1	885,286.00	–	–	9,359,777.00	10,245,063.00	1,243,676.00	–	11,488,739.00
Shanghai Bamao Investment Management Partnership (Limited Partnership) (上海巴貿投資管理合夥企業(有限合夥))	1,331,201.00	–	–	14,074,259.00	15,405,460.00	–	(5,448,160.00)	9,957,300.00
Quanzhou Hai Si Hou Jiu Equity Investment Partnership (Limited Partnership) (泉州海絲厚玖股權投資合夥企業(有限合夥))	–	138,572.00	–	1,465,067.00	1,603,639.00	5,863,780.00	–	7,467,419.00
Hainan Junshi Enterprise Management Co., Ltd. (海南駿實企業管理有限公司)	590,941.00	–	–	6,247,784.00	6,838,725.00	–	–	6,838,725.00
Moutai Jinshi (Guizhou) Biotechnology Industry Fund Partnership (Limited Partnership) (茅台金石(貴州)生物科技產業基金合夥企業(有限合夥))	–	–	–	–	–	6,765,900.00	–	6,765,900.00
Zhangjiagang Bojia Yikai Venture Capital Partnership (Limited Partnership) (張家港博佳翼開創業投資合夥企業(有限合夥))	–	554,287.00	–	5,860,256.00	6,414,543.00	–	–	6,414,543.00
Shijiazhuang Zhenlecheng No.12 Enterprise Management Center (Limited Partnership) (石家莊臻樂誠拾貳號企業管理中心(有限合夥))	–	–	–	–	–	6,220,911.00	–	6,220,911.00
Tianjin Bojia Sanbao	532,503.00	–	–	5,629,943.00	6,162,446.00	–	–	6,162,446.00

Name of shareholders	1 January 2023	Changes for the year		Share conversion due to the equity restructure	31 December 2023 and 31 December 2024	Changes for the year/period		31 December 2025 and 30 June 2026
		Additions	Decreases			Additions	Decreases	
Nanjing Hongzhang Equity Investment Partnership (Limited Partnership) (南京弘章股權投資合夥企業(有限合夥))	–	507,173.00	–	5,362,139.00	5,869,312.00	–	–	5,869,312.00
Suzhou Houqi Equity Investment Center (Limited Partnership) (蘇州厚齊股權投資中心(有限合夥))	–	498,858.00	–	5,274,227.00	5,773,085.00	–	–	5,773,085.00
Dalian Ronghua Color Printing Packaging Co., Ltd. (大連榮華彩印包裝有限公司)	–	–	–	–	–	5,269,815.00	–	5,269,815.00
Central Enterprise Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	–	415,715.00	–	4,395,189.00	4,810,904.00	–	–	4,810,904.00
Gongqingcheng Fuman Venture Capital Partnership (Limited Partnership) (共青城福滿創業投資合夥企業(有限合夥))	–	–	–	–	–	4,510,600.00	–	4,510,600.00
Ningbo Heavy Investment Partnership (Limited Partnership) (寧波興龍持重投資合夥企業(有限合夥))	332,800.00	–	–	3,518,562.00	3,851,362.00	–	–	3,851,362.00
Gongqingcheng Kemei Venture Capital Partnership (Limited Partnership) (共青城科美創業投資合夥企業(有限合夥))	–	277,144.00	–	2,930,133.00	3,207,277.00	–	–	3,207,277.00
Gongqingcheng Junmei Venture Capital Partnership (Limited Partnership) (共青城君美創業投資合夥企業(有限合夥))	–	277,144.00	–	2,930,133.00	3,207,277.00	–	–	3,207,277.00
Shanghai Hongzhiyue Co., Ltd. (上海弘郅悅實業有限公司)	–	239,175.00	–	2,528,702.00	2,767,877.00	–	–	2,767,877.00
Gongqingcheng Jinlang Equity Partnership Enterprise (Limited Partnership) (共青城金朗股權合夥企業(有限合夥))	–	–	–	–	–	2,706,360.00	–	2,706,360.00
Qingdao Beiqi Industrial Co., Ltd. (青島北琪實業有限公司)	–	83,143.00	–	879,038.00	962,181.00	1,504,970.00	–	2,467,151.00
Gerui Food Technology (Tianjin) Co., Ltd. (格瑞食品科技(天津)有限公司)	–	–	–	–	–	2,255,300.00	–	2,255,300.00
Shanghai Yipu Enterprise Management Co., Ltd. (上海一僕企業管理有限公司)	–	–	–	–	–	2,255,299.00	–	2,255,299.00
Hebei Wenzhan Equity Investment Fund Partnership (Limited Partnership) (河北文展股權投資基金合夥企業(有限合夥))	–	194,001.00	–	2,051,095.00	2,245,096.00	–	–	2,245,096.00
Shanghai Guoshan Ruiding Investment Co., Ltd. (上海國山瑞鼎投資有限公司)	–	–	–	–	–	2,107,926.00	–	2,107,926.00
Tianjin Bojia Simei Equity Investment Fund Partnership (Limited Partnership) (天津博佳四美股權投資基金合夥企業(有限合夥))	–	174,601.00	–	1,845,987.00	2,020,588.00	–	–	2,020,588.00
Shijiazhuang Runde Zhiying II Corporate Management Center (Limited Partnership) (石家莊潤德智盈貳號企業管理中心(有限合夥))(formerly known as Zhuhai Hengqin Runde Zhiying No.2 Enterprise Management Center (Limited Partnership) (珠海橫琴潤德智盈貳號企業管理中心(有限合夥)) ("Zhuhai Hengqin Runde Zhiying No.2")	150,000.00	–	–	1,585,890.00	1,735,890.00	–	–	1,735,890.00
Shanghai Heguang Tongcheng Enterprise Consulting Partnership (Limited Partnership) (上海禾光同呈企業諮詢合夥企業(有限合夥))	–	138,572.00	–	1,465,067.00	1,603,639.00	–	–	1,603,639.00
Gongqingcheng Demei Venture Capital Partnership (Limited Partnership) (共青城德美創業投資合夥企業(有限合夥))	–	138,572.00	–	1,465,067.00	1,603,639.00	–	–	1,603,639.00
Goldstone Growth Equity Investment (Hangzhou) Partnership (Limited Partnership) (金石成長股權投資(杭州)合夥企業(有限合夥))	–	–	–	–	–	1,353,180.00	–	1,353,180.00

Name of shareholders	1 January 2023	Changes for the year			31 December 2023 and 31 December 2024	Changes for the year/period		31 December 2025 and 30 June 2026
		Additions	Decreases	Share conversion due to the equity restructure		Additions	Decreases	
Tianjin Bojiahengxin Equity Investment Fund Partnership (Limited Partnership) (天津博佳恒新股權投資基金合夥企業(有限合夥))	–	110,857.00	–	1,172,047.00	1,282,904.00	–	–	1,282,904.00
Mr. Huang He	–	–	–	–	–	1,264,755.00	–	1,264,755.00
Jinshi Packaging (Jiaxing) Co., Ltd. (金石包裝(嘉興)有限公司)	–	–	–	–	–	1,264,755.00	–	1,264,755.00
Mr. Wang Yande	–	–	–	–	–	1,264,755.00	–	1,264,755.00
Shanghai Ruiyilian Enterprise Management Partnership (Limited Partnership) (上海瑞壹聯企業管理合夥企業(有限合夥))	–	102,266.00	–	1,081,218.00	1,183,484.00	–	–	1,183,484.00
Ms. He Xiaomei	–	–	–	–	–	1,166,065.00	–	1,166,065.00
Ms. Niu Guojuan	–	27,714.00	–	293,009.00	320,723.00	843,170.00	–	1,163,893.00
Chuanyu Gaozhu Xinqu Chongqing Guanghong Venture Investment Fund Partnership (Limited Partnership) (川渝高竹新區重慶廣弘創業投資基金合夥企業(有限合夥))	–	–	–	–	–	902,120.00	–	902,120.00
Zhengzhou Lingbang Information Technology Co., Ltd (鄭州領邦信息科技有限公司)	–	–	–	–	–	902,120.00	–	902,120.00
Shenzhen Meiyu Times Investment Partnership (Limited Partnership) (深圳美瑜時代投資合夥企業(有限合夥))	–	74,828.00	–	791,127.00	865,955.00	–	–	865,955.00
Hebei Xindong Printing Co., Ltd. (河北新東印刷有限公司)	–	–	–	–	–	843,170.00	–	843,170.00
Mr. Liu Yaqi	–	–	–	–	–	843,170.00	–	843,170.00
Ms. Li Xuehui	–	–	–	–	–	843,170.00	–	843,170.00
Mr. Qu Yiqun	–	–	–	–	–	843,170.00	–	843,170.00
Ms. Duan Minxuan	–	55,429.00	–	586,029.00	641,458.00	–	–	641,458.00
Mr. Zhuang Guiti	–	55,429.00	–	586,029.00	641,458.00	–	–	641,458.00
Mr. Li Mingqian	–	–	–	–	–	541,272.00	–	541,272.00
Mr. Li Yungu	–	44,902.00	–	474,731.00	519,633.00	–	–	519,633.00
Guang'an Xiaoping Guli Development Fund Center (Limited Partnership) (廣安小平故里發展基金中心(有限合夥))	–	–	–	–	–	451,060.00	–	451,060.00
Ms. Wei Keyao	–	–	–	–	–	421,585.00	–	421,585.00
Mr. Zhang Shilong	–	27,714.00	–	293,009.00	320,723.00	–	–	320,723.00
Mr. Zhang Xiaowei	–	27,714.00	–	293,009.00	320,723.00	–	–	320,723.00
Mr. Deng Ziyu	–	–	–	–	–	225,530.00	–	225,530.00
Ms. Sun Lei	–	16,629.00	–	175,812.00	192,441.00	–	–	192,441.00
Mr. Zhao Linsen	–	16,629.00	–	175,812.00	192,441.00	–	–	192,441.00
Ms. Fan Xiaohong	–	13,857.00	–	146,505.00	160,362.00	–	–	160,362.00
Mr. Han Yanfeng	–	13,857.00	–	146,505.00	160,362.00	–	–	160,362.00
Shijiazhuang Hongqi Dairy Products Factory 石家莊市紅旗乳品廠 ("Hongqi Dairy Products Factory")	4,224,782.00	–	(4,224,782.00)	–	–	–	–	–
Total	60,971,592.00	5,469,100.00	(4,224,782.00)	657,784,090.00	720,000,000.00	93,862,981.00	(93,862,981.00)	720,000,000.00

37. CAPITAL RESERVE

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
Capital premium *(Note 1-4)*	(2,598,257,520.00)	5,896,058,077.00	(2,190,676,259.95)	1,107,124,297.05
Other capital reserve *(Note 1-2, 5)*	34,441,325.95	41,828,229.62	(76,269,555.57)	–
Total	(2,563,816,194.05)	5,937,886,306.62	(2,266,945,815.52)	1,107,124,297.05

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
Capital premium *(Note 6)*	1,107,124,297.05	–	(51,664,952.30)	1,055,459,344.75
Other capital reserve *(Note 5)*	–	40,172,243.88	–	40,172,243.88
Total	1,107,124,297.05	40,172,243.88	(51,664,952.30)	1,095,631,588.63

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
Capital premium *(Note 7)*	1,055,459,344.75	3,519,842.84	–	1,058,979,187.59
Other capital reserve *(Note 5) (Note VI 10)*	40,172,243.88	39,073,391.38	–	79,245,635.26
Total	1,095,631,588.63	42,593,234.22	–	1,138,224,822.85

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
Capital premium *(Note 7)*	1,055,459,344.75	3,519,842.84	–	1,058,979,187.59
Other capital reserve *(Note 5)*	40,172,243.88	21,419,018.47	–	61,591,262.35
Total	1,095,631,588.63	24,938,861.31	–	1,120,570,449.94

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
Capital premium *(Note 7)*	1,058,979,187.59	–	–	1,058,979,187.59
Other capital reserve *(Note 5)*	79,245,635.26	24,199,907.73	–	103,445,542.99
Total	1,138,224,822.85	24,199,907.73	–	1,162,424,730.58

Note 1: In December 2023, the Company was restructured in its entirety into a joint stock limited company, resulting in a reduction of RMB58,956,692.69 in other capital reserves, and a reduction of RMB1,973,193,823.78 in capital premium, respectively.

Note 2: In 2023, the Company acquired the minority shareholders' equity interests in its subsidiaries Banner Dairy, Banner Animal Husbandry, Sikeqi Hebei, and Hebei Guanwei. The difference of RMB99,795,299.05 between the consideration paid and the non-controlling interests acquired was recognised as a decrease in other capital reserves of RMB17,312,862.88 and a decrease in capital premium of RMB82,482,436.17. For details, please refer to Note (VIII) 2.

Note 3: In 2023, the Group has incurred new obligations to repurchase the equity interests of its subsidiaries Xi'an Yinqiao and Sikeqi Hebei held by the minority shareholders at their call from the business combinations of Xi'an Yinqiao and Sikeqi Hebei. In the Group's consolidated financial statements, the repurchase obligations were recognised as gross financial liabilities based on the present value of the estimated repurchase payment amounts, amounting to RMB135,000,000.00 (Note (VI) 30), with a corresponding reduction in capital premium. In 2024, the minority shareholders of Sikeqi Hebei exercised partial repurchase options, selling 10% of the equity interests in Sikeqi Hebei to the Group for RMB10,000,000.00.

Note 4: Before the Track Record Period, certain shareholders were granted certain special rights by the Company and/or the ultimately controlling party Mr. Wei Lihua, mainly including the redemption rights, liquidation preferences and anti-dilution right. The redemption rights and liquidation preferences granted to the investors constitute as the Company's obligations to repurchase its own equity instruments and were recognised as financial liabilities measured at amortised cost. The anti-dilution right is a derivative financial instrument measured at fair value through profit or loss, of which the fair value was considered to nil as the directors of Company were of the opinion that the Company can avoid the activation of the anti-dilution by not issuing any further shares at lower price. In November 2023, the Company and all shareholders have entered into a supplementary agreement, pursuant to which the redemption rights, liquidation preference and anti-dilution rights granted by the Company have been permanently cancelled, resulting in the derecognition of relevant financial liabilities and an increase the capital reserve of RMB5,896,058,077.00.

Note 5: In 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026, the increase in other capital reserve was due to the recognition of share-based payment expenses of RMB41,828,229.62, RMB40,172,243.88, RMB39,623,391.38, RMB21,419,018.47 and RMB24,199,907.73, respectively. For details, please refer to Note (XII).

Note 6: In 2024, the Company acquired the minority shareholders' equity interests in its subsidiaries Leshi Dairy and Sikeqi Hebei. The difference of RMB51,664,952.30 between the consideration paid and the non-controlling interests acquired was recognised as a decrease in capital premium. For details, please refer to Note (VIII) 2.

Note 7: In 2025, the Company acquired the minority shareholders' equity interests in its subsidiary, Baixiang Junchuang. The difference of RMB1,151,983.02 between the consideration paid and the non-controlling interests acquired was recognised as a decrease in capital premium. In 2025, the Company's subsidiary, Xinxiang Leyuan, introduced minority shareholders. The difference of RMB2,367,859.82 in the net assets attributable to the Group before and after the absorption of minority equity was recorded in capital reserve. For details, please refer to Note (VIII) 2.

38. OTHER COMPREHENSIVE INCOME

2023

RMB

Items	1 January 2023	Amount incurred in the year					31 December 2023
		Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	349,000.00	(1,755,000.00)	(1,406,000.00)	–	(1,755,000.00)	–	–

2024

RMB

Items	1 January 2024	Amount incurred in the year					31 December 2024
		Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	–	7,400,000.00	–	1,850,000.00	5,550,000.00	–	5,550,000.00

2025

RMB

Items	1 January 2025	Amount incurred in the year					31 December 2025
		Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	5,550,000.00	–	–	–	–	–	5,550,000.00
Foreign currency translation adjustment	–	115.66	–	–	115.66	–	115.66
Total	5,550,000.00	115.66	–	–	115.66	–	5,550,115.66

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Amount incurred in the period					30 June 2025
		Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	5,550,000.00	–	–	–	–	–	5,550,000.00
Total	5,550,000.00	–	–	–	–	–	5,550,000.00

Six months ended 30 June 2026

RMB

Items	1 January 2026	Amount incurred in the period					30 June 2026
		Pre-tax amount incurred	Less: Previously recognised in other comprehensive income and transferred to retained earnings in the current period	Less: related income tax	Other comprehensive income after tax attributable to owners of the Company	Other comprehensive income after tax attributable to minority shareholders	
Changes in fair value of investment in other equity instruments	5,550,000.00	5,360,840.00	5,360,840.00	–	–	–	5,550,000.00
Foreign currency translation adjustment	115.66	(391,732.50)	–	–	(391,732.50)	–	(391,616.84)
Total	5,550,115.66	4,969,107.50	5,360,840.00	–	(391,732.50)	–	5,158,383.16

39. SURPLUS RESERVE

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
Statutory surplus reserve	31,185,401.13	–	(31,185,401.13)	–
Discretionary surplus reserve	14,843,652.40	–	(14,843,652.40)	–
Total	46,029,053.53	–	(46,029,053.53)	–

In December 2023, the Company was restructured in its entirety into a joint stock limited company, resulting in a reduction of surplus reserve of RMB46,029,053.53.

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
Statutory surplus reserve	–	81,532,790.99	–	81,532,790.99
Total	–	81,532,790.99	–	81,532,790.99

In 2024, the Company appropriated RMB81,532,790.99 to the statutory surplus reserve.

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
Statutory surplus reserve	81,532,790.99	176,297,586.43	–	257,830,377.42
Total	81,532,790.99	176,297,586.43	–	257,830,377.42

In 2025, the Company appropriated RMB176,297,586.43 to the statutory surplus reserve.

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
Statutory surplus reserve	257,830,377.42	–	–	257,830,377.42
Total	257,830,377.42	–	–	257,830,377.42

In the six months ended 30 June 2026, the Company appropriated RMB nil to the statutory surplus reserve.

40. RETAINED EARNINGS

RMB

Items	Amount
Retained earnings at 1 January 2023	617,212,752.58
Add: Net loss attributable to owners of the Company for the year	(21,441,711.81)
Less: Distribution to shareholders	530,000,000.00
Less: Other comprehensive income transferred to retained earnings	1,406,000.00
Less: Decrease due to the restructuring of the Company in its entirety into a joint stock limited company	(1,420,395,480.00)
Retained earnings as at 31 December 2023	1,484,760,520.77
Add: Net profit attributable to owners of the Company for the year	1,017,483,751.06
Less: Distribution to shareholders	362,500,000.00
Less: Appropriation for surplus reserve	81,532,790.99
Retained earnings as at 31 December 2024	2,058,211,480.84
Add: Net profit attributable to owners of the Company for the year	1,115,806,521.19
Less: Distribution to shareholders	1,800,000,000.00
Less: Appropriation for surplus reserve	176,297,586.43
Retained earnings as at 31 December 2025	1,197,720,415.60

Items	Amount
Add: Net profit attributable to owners of the Company for the period	654,414,168.48
Add: Other comprehensive income transferred to retained earnings	5,360,840.00
Retained earnings as at 30 June 2026	1,857,495,424.08

Note 1: Appropriation for statutory surplus reserve

According to the PRC Company Law and the Articles of Association of the Company, the Company is required to transfer 10% of their respective net profits to the statutory reserve until the reserve balance reaches 50% of the registered capital.

Note 2: Surplus reserve appropriated by subsidiaries

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the balance of the Group's retained earnings includes the surplus reserve appropriated by subsidiaries amounting to RMB900,654,801.29, RMB988,006,242.28, RMB1,199,781,530.00 and RMB1,199,781,530.00, respectively.

Note 3: Dividends declared to shareholders of the Company during each reporting period:

RMB

Items	2023	2024	2025	Six months ended 30 June 2026
Dividend declared	530,000,000.00	362,500,000.00	1,800,000,000.00	–

Note: Pursuant to the approval of extraordinary general meeting of shareholders on 13 September 2023, a dividend of RMB0.74 per share with a total amount of RMB530,000,000.00 was declared to shareholders, and the dividends of RMB336,986,890.00 was paid in November 2023 and the dividends of RMB193,013,110.00 was paid in March 2024, respectively. Pursuant to the approval of extraordinary general meeting of shareholders on 6 November 2024, a dividend of RMB0.50 per share with a total amount of RMB362,500,000.00 was declared to shareholders, and the dividends was paid in November 2024. Pursuant to the approval of extraordinary general meeting of shareholders on 27 August 2025, a dividend of RMB1.11 per share with a total amount of RMB800,000,000.00 was declared to shareholders, and the dividends of RMB732,177,600.00 and RMB67,822,400.00 was paid in September 2025 and December 2025, respectively. Pursuant to the approval of extraordinary general meeting of shareholders on 16 October 2025, a dividend of RMB1.39 per share with a total amount of RMB1,000,000,000.00 was declared to shareholders, and the dividends was paid in December 2025.

41. REVENUE AND OPERATING COSTS

(1) Revenue and operating costs

RMB

Items	2023		2024		2025		Six months ended 30 June 2025 (Unaudited)		Six months ended 30 June 2026	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Principal activities	16,623,964,037.07	10,633,773,724.02	19,056,894,321.26	12,182,421,901.34	18,909,761,647.15	12,347,576,559.10	9,126,550,053.62	5,773,293,427.42	10,063,687,148.38	6,567,830,563.29
Other operating activities	922,211,210.05	908,808,233.54	775,595,336.57	776,287,931.89	1,472,681,376.85	1,559,580,084.34	824,659,293.76	873,249,456.86	545,052,558.13	570,058,799.40
Total	17,546,175,247.12	11,542,581,957.56	19,832,489,657.83	12,958,709,833.23	20,382,443,024.00	13,907,156,643.44	9,951,209,347.38	6,646,542,884.28	10,608,739,706.51	7,137,889,362.69

(2) Revenue from principal activities

RMB

	2023			
Items	**Formula**	**Liquid milk and other dairy products**	**Dairy farming**	**Total**
By sales channel:				
Distributors	4,839,182,004.07	8,214,010,081.98	402,060.42	13,053,594,146.47
Direct sales	590,007,296.18	2,139,740,974.57	840,621,619.85	3,570,369,890.60
Total	5,429,189,300.25	10,353,751,056.55	841,023,680.27	16,623,964,037.07
By geographical regions:				
Chinese Mainland	5,427,421,093.72	10,353,751,056.55	841,023,680.27	16,622,195,830.54
Overseas	1,768,206.53	–	–	1,768,206.53
Total	5,429,189,300.25	10,353,751,056.55	841,023,680.27	16,623,964,037.07
By timing of revenue recognition:				
At a point in time	5,429,189,300.25	10,353,751,056.55	841,023,680.27	16,623,964,037.07
Over time	–	–	–	–
Total	5,429,189,300.25	10,353,751,056.55	841,023,680.27	16,623,964,037.07

RMB

	2024			
Items	**Formula**	**Liquid milk and other dairy products**	**Dairy farming**	**Total**
By sales channel:				
Distributors	4,696,740,192.85	9,579,305,300.51	–	14,276,045,493.36
Direct sales	674,051,359.27	2,715,033,500.19	1,391,763,968.44	4,780,848,827.90
Total	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26
By geographical regions:				
Chinese Mainland	5,370,791,552.12	12,294,110,105.43	1,391,763,968.44	19,056,665,625.99
Overseas	–	228,695.27	–	228,695.27
Total	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26
By timing of revenue recognition:				
At a point in time	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26
Over time	–	–	–	–
Total	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	19,056,894,321.26

RMB

	2025			
Items	**Formula**	**Liquid milk and other dairy products**	**Dairy farming**	**Total**
By sales channel:				
Distributors	3,760,304,116.24	9,975,947,496.32	–	13,736,251,612.56
Direct sales	703,995,898.74	3,268,335,858.56	1,201,178,277.29	5,173,510,034.59
Total	4,464,300,014.98	13,244,283,354.88	1,201,178,277.29	18,909,761,647.15
By geographical regions:				
Chinese Mainland	4,463,350,949.45	13,243,598,961.87	1,201,178,277.29	18,908,128,188.61
Overseas	949,065.53	684,393.01	–	1,633,458.54
Total	4,464,300,014.98	13,244,283,354.88	1,201,178,277.29	18,909,761,647.15
By timing of revenue recognition:				
At a point in time	4,464,300,014.98	13,244,283,354.88	1,201,178,277.29	18,909,761,647.15
Over time	–	–	–	–
Total	4,464,300,014.98	13,244,283,354.88	1,201,178,277.29	18,909,761,647.15

RMB

	Six months ended 30 June 2025 (Unaudited)			
Items	**Formula**	**Liquid milk and other dairy products**	**Dairy farming**	**Total**
By sales channel:				
Distributors	2,066,799,598.90	4,762,270,535.00	–	6,829,070,133.90
Direct sales	317,281,515.06	1,441,802,840.40	538,395,564.26	2,297,479,919.72
Total	2,384,081,113.96	6,204,073,375.40	538,395,564.26	9,126,550,053.62
By geographical regions:				
Chinese Mainland	2,383,132,048.43	6,204,073,375.40	538,395,564.26	9,125,600,988.09
Overseas	949,065.53	–	–	949,065.53
Total	2,384,081,113.96	6,204,073,375.40	538,395,564.26	9,126,550,053.62
By timing of revenue recognition:				
At a point in time	2,384,081,113.96	6,204,073,375.40	538,395,564.26	9,126,550,053.62
Over time	–	–	–	–
Total	2,384,081,113.96	6,204,073,375.40	538,395,564.26	9,126,550,053.62

RMB

	Six months ended 30 June 2026			
Items	**Formula**	**Liquid milk and other dairy products**	**Dairy farming**	**Total**
By sales channel:				
Distributors	1,703,015,379.70	5,319,292,717.03	–	7,022,308,096.73
Direct sales	317,045,386.00	2,114,294,475.95	610,039,189.70	3,041,379,051.65
Total	2,020,060,765.70	7,433,587,192.98	610,039,189.70	10,063,687,148.38
By geographical regions:				
Chinese Mainland	2,020,060,765.70	7,421,212,039.51	610,039,189.70	10,051,311,994.91
Overseas	–	12,375,153.47	–	12,375,153.47
Total	2,020,060,765.70	7,433,587,192.98	610,039,189.70	10,063,687,148.38
By timing of revenue recognition:				
At a point in time	2,020,060,765.70	7,433,587,192.98	610,039,189.70	10,063,687,148.38
Over time	–	–	–	–
Total	2,020,060,765.70	7,433,587,192.98	610,039,189.70	10,063,687,148.38

(3) Revenue/costs from other operating activities

RMB

Items	2023		2024		2025		Six months ended 30 June 2025 (Unaudited)		Six months ended 30 June 2026	
	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost
Sales of materials	271,914,818.01	279,781,833.38	236,881,043.21	263,076,496.79	436,464,984.65	564,526,658.63	240,585,796.03	301,960,003.03	261,486,744.90	312,670,002.91
Sales of non-staple food products	324,270,170.12	321,529,543.57	227,771,246.20	227,978,853.15	134,134,962.33	132,257,928.17	73,913,015.95	72,555,277.67	60,213,565.21	59,910,827.45
Consigned processing	195,946,216.37	194,217,114.01	117,488,189.63	117,394,940.65	96,676,181.48	109,248,675.71	69,351,770.15	76,862,177.17	71,665,231.81	73,304,830.90
Sales of packaging materials	85,612,443.94	74,812,728.95	108,940,582.26	98,040,779.64	116,525,921.48	106,772,727.50	55,728,893.28	50,507,379.98	67,999,494.02	59,891,432.14
Sales of property	–	–	–	–	557,055,376.59	541,927,301.95	323,826,876.93	316,771,541.20	8,955,444.02	10,383,715.05
Others	44,467,561.61	38,467,013.63	84,514,275.27	69,796,861.66	131,823,950.32	104,846,792.38	61,252,941.42	54,593,077.81	74,732,078.17	53,897,990.95
Total	922,211,210.05	908,808,233.54	775,595,336.57	776,287,931.89	1,472,681,376.85	1,559,580,084.34	824,659,293.76	873,249,456.86	545,052,558.13	570,058,799.40

(4) Description of allocation to remaining performance obligations

Except for the contracts related to sales of property and unused sales incentives granted to the customers, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

For the contracts related to sales of property and unused sales incentives granted to the customers, the contract liabilities at the end of each reporting period can represent the transaction price allocated to the remaining performance obligations, please refer to Note (VI) 25 for details.

42. TAXES AND SURCHARGES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Urban maintenance and construction tax	44,845,771.89	47,940,184.17	46,709,841.18	24,628,983.68	20,529,624.25
Real estate tax	24,429,197.29	27,572,895.22	28,315,170.53	14,131,989.82	15,942,146.61
Stamp tax	20,518,200.17	20,760,729.10	21,729,502.82	10,155,467.71	13,386,000.66
Education surcharge	20,343,269.03	21,493,947.37	20,833,084.41	10,973,652.03	9,078,691.56
Local education surcharge	13,605,327.39	14,330,775.23	13,888,721.07	7,411,645.86	6,114,498.44
Land use tax	12,895,116.61	14,028,410.91	14,866,724.21	7,315,822.46	7,354,993.01
Resource tax	2,463,028.37	3,857,511.48	4,484,220.93	3,193,651.79	2,594,362.21
Other taxes	1,002,374.09	1,948,750.81	944,901.42	511,169.99	338,848.48
Total	140,102,284.84	151,933,204.29	151,772,166.57	78,322,383.34	75,339,165.22

43. SELLING AND DISTRIBUTION EXPENSES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Employee remuneration	857,951,263.00	971,892,658.67	1,055,823,001.58	500,642,173.82	527,914,927.83
Selling and promotion expenses	753,822,372.74	848,496,343.41	952,251,413.10	437,799,973.21	537,027,752.95
Advertising expenses	1,552,361,352.09	1,108,142,856.83	909,488,934.33	498,016,266.99	421,781,869.75
Travel and business development expenses	134,954,563.71	159,618,460.86	151,203,181.19	71,209,268.22	75,599,406.73
Advisory service fee	137,164,934.40	122,328,193.86	121,354,610.76	58,731,433.91	67,347,725.87
Storage and handling fee	37,894,561.31	41,844,997.99	46,869,666.19	21,378,036.30	27,054,274.21
Depreciation and amortisation	21,112,478.57	25,024,991.12	27,395,315.69	13,050,421.65	14,911,652.94
Conference fee	30,038,045.26	30,716,878.68	27,355,781.55	8,873,712.46	7,133,683.37
Share-based payment expenses	16,000,681.00	16,296,218.41	16,119,529.92	7,845,228.36	9,731,011.29
Others	59,683,277.74	52,749,136.87	58,821,393.03	20,423,659.12	25,885,382.71
Total	3,600,983,529.82	3,377,110,736.70	3,366,682,827.34	1,637,970,174.04	1,714,387,687.65

44. GENERAL AND ADMINISTRATIVE EXPENSES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Employee remuneration	486,509,366.83	504,449,924.49	526,993,738.22	263,630,546.59	260,308,958.29
Depreciation and amortisation	122,975,115.45	129,575,804.85	129,470,481.34	65,631,780.95	69,302,378.52
Travel and business development expenses	35,766,266.56	35,087,989.20	35,482,148.85	16,342,686.65	16,937,400.35
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Share-based payment expenses	23,642,513.63	25,475,008.12	22,677,633.23	13,040,631.32	13,868,810.67
Inspection and maintenance cost	25,502,129.95	17,013,798.78	18,040,017.39	7,393,954.22	8,037,018.54
Energy expenses	18,599,604.24	15,643,570.02	15,567,634.01	7,876,152.47	7,357,896.62
Advisory service fee	44,605,605.94	16,085,695.21	14,401,779.42	8,331,101.61	6,381,770.84
Office expenses	20,970,701.37	12,139,821.48	11,738,039.89	5,081,142.21	4,918,430.52
Disability employment security fund	14,620,125.19	17,089,838.28	10,027,713.59	7,907,495.44	1,340,465.26
Others	58,984,668.68	77,867,258.63	86,977,189.92	38,317,257.44	27,845,080.68
Total	853,297,450.29	856,308,756.05	897,197,543.13	438,054,823.69	429,777,906.70

45. RESEARCH AND DEVELOPMENT EXPENSES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Employee remuneration	38,212,558.07	46,534,450.70	41,892,499.86	22,236,053.18	19,551,327.87
Technology R&D and testing expenses	28,242,157.41	23,969,850.27	22,716,114.58	9,062,902.92	8,719,808.05
Depreciation and amortisation	14,463,727.84	14,457,466.48	13,025,899.76	6,614,062.11	6,114,721.25
Advisory service fee	13,863,521.65	8,258,173.85	7,073,727.84	2,905,393.81	3,924,577.17
Share-based payment expenses	1,770,109.62	(1,881,124.36)	402,360.47	316,882.27	383,595.58
Others	9,451,406.52	7,407,833.16	6,469,924.06	3,015,365.42	2,944,287.68
Total	106,003,481.11	98,746,650.10	91,580,526.57	44,150,659.71	41,638,317.60

46. FINANCIAL EXPENSES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Interest expenses *(Note1-2)*	940,418,596.57	404,835,162.36	277,149,036.14	141,462,928.64	139,302,196.82
Less: interest income	29,503,523.57	12,220,223.22	9,671,233.07	5,230,730.34	2,074,589.98
Bank charges	2,125,588.56	1,480,425.63	1,441,857.41	549,163.18	593,350.37
Foreign exchange losses (gains)	15,486,165.64	7,536,633.12	(910,127.82)	(1,090,831.00)	1,649,056.27
Total	928,526,827.20	401,631,997.89	268,009,532.66	135,690,530.48	139,470,013.48

Note 1: Among which, the interest expenses on lease liabilities in 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026 were RMB20,807,951.78, RMB24,133,180.68, RMB16,299,990.04, RMB 8,248,228.84 and RMB 7,454,855.76, respectively.

Note 2: The interest expense on financial liabilities related to the shareholders' with special rights in 2023 was RMB554,428,126.29.

47. INVESTMENT INCOME

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
(Losses) gains from long-term equity investments accounted for using the equity method	(8,041,648.52)	(3,612,550.45)	76,754,891.85	42,151,282.86	41,946,602.25
Dividends income from other equity instruments	2,151,772.05	994,044.18	2,325,163.55	308,176.05	–
Gains (losses) arising from remeasuring the original equity interests/remained equity interests at fair value due to the acquisition/disposal of subsidiaries	19,404,195.69	(1,229,113.02)	–	–	–
Gains (losses) from disposal of long-term equity investments	7,039,033.57	(163,881.74)	578,437.43	588,103.81	–
Interests income from entrusted loans	5,894,536.53	–	–	–	–
Interests income and disposal income from derivative financial instruments	4,531,535.06	8,352,069.76	–	–	–
Others	34,685.83	8,134,581.77	302,675.01	320,835.51	536.05
Total	31,014,110.21	12,475,150.50	79,961,167.84	43,368,398.23	41,947,138.30

48. OTHER INCOME

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Government grants transferred from deferred income	164,497,104.59	167,374,863.81	170,928,783.96	82,792,999.52	82,027,522.10
Government grants directly recognised as other income	70,854,789.97	55,010,806.30	69,026,657.21	20,808,970.22	18,761,700.00
Total	235,351,894.56	222,385,670.11	239,955,441.17	103,601,969.74	100,789,222.10

49. LOSSES FROM CHANGES IN FAIR VALUES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Losses from changes in fair value of derivative financial instruments	(318,144.12)	(15,146,280.26)	–	–	–
Total	(318,144.12)	(15,146,280.26)	–	–	–

50. CREDIT IMPAIRMENT (LOSSES) REVERSAL

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Credit impairment (losses) reversal on accounts receivable	(36,926,265.18)	18,980,793.82	(15,869,667.50)	(329,840.76)	(8,224,214.38)
Credit impairment losses on other receivables	(4,657,722.62)	(2,286,397.83)	(3,168,978.38)	(2,015,666.11)	(602,324.76)
Credit impairment reversal (loss) on long-term receivables	–	2,479,002.58	–	–	(5,535,788.07)
Total	(41,583,987.80)	19,173,398.57	(19,038,645.88)	(2,345,506.87)	(14,362,327.21)

51. ASSET IMPAIRMENT LOSSES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Loss on inventories write-down	(136,290,873.96)	(66,937,740.35)	(148,064,504.69)	(103,902,610.26)	(96,702,590.00)
Loss on productive biological assets impairment	(98,447,093.14)	(35,070,000.00)	(28,631,939.43)	(1,880,000.00)	(3,520,000.00)
Loss on fixed assets impairment	(14,336,801.33)	(27,468,276.44)	(4,139,630.28)	–	(7,992,199.14)
Loss on goodwill impairment	–	(229,666,367.13)	–	–	–
Loss on long-term equity investment impairment	(4,057,671.36)	(64,000,000.00)	–	–	–
Loss on intangible assets impairment	–	(12,000,000.00)	–	–	–
Total	(253,132,439.79)	(435,142,383.92)	(180,836,074.40)	(105,782,610.26)	(108,214,789.14)

52. LOSSES FROM ASSET DISPOSALS

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Losses on disposal of biological assets	(213,706,305.91)	(394,095,090.02)	(452,850,317.50)	(275,248,174.84)	(265,081,605.47)
Gains on disposal of right-of-use assets	396,037.20	1,606,522.64	404,952.74	376,994.63	153,460.80
Gains (losses) on disposal of fixed assets	7,946,219.94	(4,681,562.22)	(1,725,490.76)	273,569.51	395,696.35
Total	(205,364,048.77)	(397,170,129.60)	(454,170,855.52)	(274,597,610.70)	(264,532,448.32)

53. NON-OPERATING INCOME

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Scrap income	17,856,495.08	21,726,244.28	12,816,697.16	5,803,472.79	8,542,454.26
Others	23,669,020.62	31,227,900.60	24,610,714.21	13,505,028.44	22,481,353.75
Total	41,525,515.70	52,954,144.88	37,427,411.37	19,308,501.23	31,023,808.01

54. NON-OPERATING EXPENSES

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Donation expenditure	17,677,419.36	5,192,842.06	8,468,894.47	4,404,349.43	3,305,669.46
Others	18,464,007.92	16,812,460.79	7,440,251.55	3,396,346.14	10,813,387.12
Total	36,141,427.28	22,005,302.85	15,909,146.02	7,800,695.57	14,119,056.58

55. INCOME TAX EXPENSES

(1) Statement of income tax expenses

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Current tax expenses	89,872,220.80	126,984,557.26	164,645,712.27	148,609,564.38	88,067,356.38
Deferred tax expenses	50,578,921.92	184,071,012.02	26,115,613.18	(37,421,198.18)	47,371,651.58
Total	140,451,142.72	311,055,569.28	190,761,325.45	111,188,366.20	135,439,007.96

(2) Reconciliation between income tax expenses and the accounting profit

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Profit before income tax	146,031,189.01	1,425,572,747.00	1,387,433,082.85	746,230,337.64	842,768,800.33
Income tax expenses calculated at tax rate of 25%	36,507,797.25	356,393,186.75	346,858,270.71	186,557,584.41	210,692,200.08
Effect of different tax rates applied by subsidiaries and tax rate changes	4,419,909.82	2,211,876.17	1,804,813.65	2,840,520.38	10,653,303.68
Effect of non-deductible costs, expenses and losses	169,765,097.50	14,034,125.38	8,202,438.61	3,197,102.82	1,707,700.83
Effect of deductible temporary differences or tax losses not recognised for deferred tax assets	14,135,101.30	73,883,798.13	24,120,011.16	10,606,341.52	15,414,199.29
Effect of adjustments of income taxes in respect of prior years	(9,113,732.64)	(393,893.32)	4,290,418.66	1,484,202.38	44,892.37
Effect of non-taxable operations	(45,079,404.17)	(118,895,273.91)	(157,663,541.54)	(77,221,148.68)	(91,807,151.63)
Effect of super deduction of research and development expenses	(18,237,843.54)	(13,370,569.64)	(10,506,714.62)	(4,514,225.29)	(4,756,740.42)
Effect of utilising deductible temporary differences or tax losses not recognised for deferred tax assets previously	(11,945,782.80)	(2,807,680.28)	(26,344,371.18)	(11,762,011.34)	(6,509,396.24)
Income tax expenses	140,451,142.72	311,055,569.28	190,761,325.45	111,188,366.20	135,439,007.96

56. CASH FLOW STATEMENT ITEMS

(1) Cash Flows from Operating Activities

Proceeds from other operating activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Recovery of deposits, guarantees and advances paid by distributors	935,065,143.77	1,030,207,057.59	943,865,547.91	483,582,732.35	360,273,172.61
Government grants received	170,368,212.65	197,083,869.43	160,856,060.87	76,658,970.22	28,986,399.14
Scrap income	17,856,495.08	21,726,244.28	12,816,697.16	5,803,472.79	8,542,454.26
Interest income on demand deposits	21,558,010.57	10,797,404.21	7,274,668.63	3,333,724.23	1,645,180.70
Others	25,822,736.86	29,366,534.17	16,771,298.55	10,568,841.38	14,374,717.47
Total	1,170,670,598.93	1,289,181,109.68	1,141,584,273.12	579,947,740.97	413,821,924.18

Payments for other operating activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Advertising expenses	1,403,694,899.37	1,476,067,554.64	913,507,623.63	382,427,087.02	334,382,617.36
Selling and promotion expenses	810,672,789.56	844,916,634.05	894,784,098.12	389,588,304.58	534,666,711.34
Advisory service fee	195,634,061.99	146,672,062.92	140,639,815.32	69,967,929.33	91,839,146.93
Travel and business development expenses	170,720,830.27	194,706,450.06	186,685,330.04	87,551,954.87	92,536,807.08
Payment of deposits, guarantees and advances paid by distributors	866,465,464.33	1,101,355,730.32	917,895,909.50	483,145,052.07	392,998,155.39
Technology R&D and testing expenses	28,242,157.41	23,969,850.27	22,716,114.58	9,062,902.92	8,719,808.05
Donation expenditure	17,677,419.36	5,192,842.06	8,468,894.47	4,404,349.43	3,305,669.46
Conference fees	30,038,045.26	30,716,878.68	27,355,781.55	8,873,712.46	7,133,683.37
Others	29,088,632.59	34,293,919.66	48,805,199.57	27,609,973.13	35,092,394.25
Total	3,552,234,300.14	3,857,891,922.66	3,160,858,766.78	1,462,631,265.81	1,500,674,993.23

(2) Cash Flows used in Investing Activities

Proceeds from significant investing activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Sales of financial products	650,000,000.00	–	–	–	–
Total	650,000,000.00	–	–	–	–

Payments for significant investing activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Purchase of financial products	650,000,000.00	–	–	–	–
Acquisition of subsidiaries	654,932,748.55	–	–	–	–
Investment in associates	210,000,000.00	–	–	–	–
Total	1,514,932,748.55	–	–	–	–

Proceeds from other investing activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Recovery of loan receivables	64,139,608.00	5,000,000.00	405,000.00	405,000.00	–
Others	–	8,134,581.78	16,288,792.04	174,833.81	3,619,633.18
Total	64,139,608.00	13,134,581.78	16,693,792.04	579,833.81	3,619,633.18

Payments for other investing activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Payments of loan receivables	80,351,000.00	10,405,000.00	–	–	–
Total	80,351,000.00	10,405,000.00	–	–	–

(3) Cash Flows from/(used in) Financing Activities

Proceeds from other financing activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Receipt of poverty alleviation funds and loan payables, etc.	7,000,000.00	17,200,000.00	–	–	–
Receipt of dividends from prepaid equity investments	6,603,238.19	–	–	–	–
Total	13,603,238.19	17,200,000.00	–	–	–

Payments for other financing activities

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Payments for lease liabilities	67,553,491.36	86,235,162.09	91,782,696.80	51,395,667.73	35,304,227.63
Payments of poverty alleviation funds and loan payables, etc.	133,532,422.43	24,467,355.99	92,742,442.78	51,662,442.78	–
Payments for acquisition of minority shareholders' equity interests	176,296,420.00	92,298,307.00	9,621,400.00	9,071,400.00	–
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepaid lease payments	8,641,016.00	–	–	–	–
Total	386,751,621.49	204,741,826.51	200,104,095.84	113,851,715.21	39,713,415.20

Changes in liabilities arising from financing activities

2023

RMB

		Additions			Decreases			
Items	1 January 2023	Cash	Non-cash	Increase from business combinations	Cash	Non-cash	Decrease due to disposal of subsidiaries	31 December 2023
Long-term and short-term borrowings (including long-term borrowings due within one year)	6,647,957,349.27	6,975,330,103.03	382,859,100.82	609,108,230.44	4,812,968,272.56	–	–	9,802,286,511.00
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other payables (financing-related)	51,188,297.01	6,603,238.19	–	–	46,598,354.80	11,193,180.40	–	–
Dividends payable	17,292,138.67	–	530,000,000.00	–	341,828,815.25	–	–	205,463,323.42
Long-term payables (including long-term payables due within one year)	5,535,514,156.39	7,000,000.00	554,428,126.29	80,681,748.47	86,934,067.63	5,896,058,077.00	–	194,631,886.52
Lease liabilities (including lease liabilities due within one year)	436,770,167.63	–	92,236,223.36	8,942,022.93	67,553,491.36	13,914,606.06	1,876,147.84	454,604,168.66
Total	12,688,722,108.97	6,988,933,341.22	1,559,919,079.15	698,732,001.84	5,356,611,273.30	5,921,165,863.46	1,876,147.84	10,656,653,246.58

2024

RMB

		Additions		Decreases			
Items	1 January 2024	Cash	Non-cash	Cash	Non-cash	Decrease due to disposal of subsidiaries	31 December 2024
Long-term and short-term borrowings (including long-term borrowings due within one year)	9,802,286,511.00	5,670,999,691.81	386,586,495.24	6,000,034,077.28	–	226,821,112.78	9,633,017,507.99
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Dividends payable	205,463,323.42	–	371,288,043.44	576,751,366.86	–	–	–
Long-term payables (including long-term payables due within one year)	194,631,886.52	17,200,000.00	3,244,103.48	24,467,355.99	–	17,500,000.00	173,108,634.01
Lease liabilities (including lease liabilities due within one year)	454,604,168.66	–	218,490,526.43	86,235,162.09	31,224,268.23	159,820,188.33	395,815,076.44
Total	10,656,653,246.58	5,688,199,691.81	981,683,730.63	6,689,228,963.65	31,224,268.23	404,141,301.11	10,201,942,136.03

2025

RMB

		Additions		Decreases			
Items	1 January 2025	Cash	Non-cash	Cash	Non-cash	Decrease due to disposal of subsidiaries	31 December 2025
Long-term and short-term borrowings (including long-term borrowings due within one year)	9,633,017,507.99	6,273,515,071.03	259,387,842.16	5,923,554,926.60	–	–	10,242,365,494.58
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Dividends payable	–	–	1,813,356,037.40	1,744,343,087.40	61,086,200.00	–	7,926,750.00
Long-term payables (including long-term payables due within one year)	173,108,634.01	–	3,102,800.41	92,742,442.78	–	–	83,468,991.64
Lease liabilities (including lease liabilities due within one year)	395,815,076.44	–	81,355,826.39	91,782,696.80	5,739,948.20	2,632,441.06	377,015,816.77
Total	10,201,942,136.03	6,273,515,071.03	2,166,143,249.46	7,858,380,709.84	66,826,148.20	2,632,441.06	10,713,761,157.42

Six months ended 30 June 2025 (Unaudited)

RMB

		Additions		Decreases			
Items	**1 January 2025**	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Decrease due to disposal of subsidiaries**	**30 June 2025**
Long-term and short-term borrowings (including long-term borrowings due within one year)	9,633,017,507.99	2,698,535,619.76	132,704,826.89	3,363,673,857.25	–	–	9,100,584,097.39
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Dividends payable	–	–	829,400.00	829,400.00	–	–	–
Long-term payables (including long-term payables due within one year)	173,108,634.01	–	1,699,608.47	51,662,442.78	–	–	123,145,799.70
Lease liabilities (including lease liabilities due within one year)	395,815,076.44	–	45,244,412.32	51,395,667.73	2,054,615.13	2,632,441.06	384,976,764.84
Total	10,201,942,136.03	2,698,535,619.76	182,066,642.03	3,469,283,572.46	2,054,615.13	2,632,441.06	9,608,573,769.17

Six months ended 30 June 2026

RMB

		Additions		Decreases		
Items	**1 January 2026**	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**30 June 2026**
Long-term and short-term borrowings (including long-term borrowings due within one year)	10,242,365,494.58	2,301,764,454.36	133,225,618.66	2,168,294,873.03	–	10,509,060,694.57
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Dividends payable	7,926,750.00	–	3,293,214.56	11,092,467.75	–	127,496.81
Tax payables (related to withholding and remitting individual income tax on dividends)	61,086,200.00	–	–	61,086,200.00	–	–
Long-term payables (including long-term payables due within one year)	83,468,991.64	–	1,261,288.54	–	–	84,730,280.18
Lease liabilities (including lease liabilities due within one year)	377,015,816.77	–	24,829,880.72	35,304,227.63	–	366,541,469.86
Total	10,774,847,357.42	2,301,764,454.36	166,458,146.87	2,280,186,955.98	–	10,962,883,002.67

57. SUPPLEMENTARY INFORMATION FOR THE CASH FLOW STATEMENT

(1) Supplement to the cash flow statement

RMB

Supplementary information	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
1. Reconciliation of net profit to cash flows from operating activities:					
Net profit	5,580,046.29	1,114,517,177.72	1,196,671,757.40	635,041,971.44	707,329,792.37
Add: Credit impairment loss/(reversals)	41,583,987.80	(19,173,398.57)	19,038,645.88	2,345,506.87	14,362,327.21
Provision for impairment of assets	253,132,439.79	435,142,383.92	180,836,074.40	105,782,610.26	108,214,789.14
Depreciation of fixed assets and productive biological assets	1,077,716,927.10	1,338,374,815.34	1,354,755,560.50	682,826,994.44	691,551,080.49
Depreciation of right-of-use assets	45,437,482.67	49,227,116.05	42,980,099.90	24,181,418.93	21,332,193.30
Amortisation of intangible assets	41,275,462.50	55,112,773.44	66,841,814.04	31,889,417.84	38,373,385.06
Amortisation of long-term deferred expenses	23,376,678.58	23,640,307.70	18,748,861.75	11,061,867.54	9,380,757.12
Losses from asset disposals	205,364,048.77	397,170,129.60	454,170,855.52	274,597,610.70	264,532,448.32
Losses on retirement of fixed assets	8,352,316.94	7,618,842.62	2,227,745.86	1,269,819.68	4,454,493.11
Losses on changes in fair values	318,144.12	15,146,280.26	–	–	–
Financial expenses	945,320,650.64	403,968,210.34	272,664,527.52	139,226,259.78	138,220,320.06
Investment income	(31,014,110.21)	(12,475,150.50)	(79,961,167.84)	(43,368,398.23)	(41,947,138.30)
Share-based payments	41,828,229.62	40,172,243.88	39,623,391.38	21,419,018.47	24,199,907.73
Amortisation of deferred income	(164,497,104.59)	(167,374,863.81)	(170,928,783.96)	(82,792,999.52)	(82,027,522.10)
Decrease (increase) in deferred tax assets	59,592,127.65	193,051,298.14	31,761,820.48	(33,990,727.86)	19,950,113.69
(Decrease) increase in deferred tax liabilities	(9,013,205.73)	(8,980,286.12)	(5,646,207.30)	(3,430,470.32)	27,421,537.89
Decrease (increase) in inventories	20,028,824.42	(314,895,661.69)	263,602,915.92	54,917,134.67	133,625,202.74
Increase in operating receivables	(237,267,984.16)	(88,820,091.18)	(152,915,868.67)	(15,135,132.16)	(77,035,769.86)
(Decrease) increase in operating payables	(304,104,225.19)	69,105,877.35	(140,541,044.91)	(1,271,452,665.18)	(1,225,188,130.71)
Net Cash Flow from Operating Activities	2,023,010,737.01	3,530,528,004.49	3,393,930,997.87	534,389,237.35	776,749,787.26
2. Significant investing and financing activities that do not involve cash receipts and payments:					
Increase in right-of-use assets	71,428,271.58	194,357,345.75	64,658,040.47	38,312,240.46	11,734,282.96
3. Net changes in cash and cash equivalents:					
Cash and cash equivalents at the end of the year/period	1,354,463,409.84	1,477,387,281.44	1,267,479,002.39	722,022,705.10	1,264,860,714.16
Less: Cash and cash equivalents at the beginning of the year/period	1,550,566,622.74	1,354,463,409.84	1,477,387,281.44	1,477,387,281.44	1,267,479,002.39
Net (decrease) increase in cash and cash equivalents	(196,103,212.90)	122,923,871.60	(209,908,279.05)	(755,364,576.34)	(2,618,288.23)

(2) Net payments for acquisitions of subsidiaries

2023

RMB

Items	Amount
Cash or cash equivalents paid in the current year for business combinations occurred in the current year	595,799,200.00
Including: Lesson Dairy	65,799,200.00
Xi'an Yinqiao	500,000,000.00
Sikeqi Hebei	30,000,000.00
Less: Cash and cash equivalents held by the subsidiaries at the acquisition date	323,094,419.89
Including: Lesson Dairy	230,635,944.67
Xi'an Yinqiao	90,386,239.61
Sikeqi Hebei	2,072,235.61
Add: Cash and cash equivalents paid in the year for business combination occurred in the previous period	382,227,968.44
Including: Derong Packaging	382,227,968.44
Net payments for acquisitions of subsidiaries	654,932,748.55

(3) Net proceeds (payments) from disposals of subsidiaries

2023

RMB

	Amount
Proceeds received in the current year from disposal of subsidiary occurred in the current year	30,787,200.00
Including: Pinyuan Biotechnology	30,787,200.00
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	1,926,195.82
Including: Pinyuan Biotechnology	1,926,195.82
Net proceeds from disposals of subsidiary	28,861,004.18

2024

RMB

	Amount
Proceeds received in the current year from disposals of subsidiaries occurred in the current year	14,560,000.00
Including: Junhong Animal Husbandry, Junkang Animal Husbandry	14,560,000.00
Less: Cash and cash equivalents held by the subsidiaries on the date of loss of control	102,203,045.68
Including: Junhong Animal Husbandry, Junkang Animal Husbandry	100,950,463.44
Zanhuang Jialeyuan	1,252,582.24
Net payments from disposals of subsidiaries	(87,643,045.68)

2025

RMB

	Amount
Proceeds received in the current year from disposals of subsidiaries occurred in the current year	–
Less: Cash and cash equivalents held by the subsidiaries on the date of loss of control	27,360,789.64
Including: Quyang Jialeyuan	27,360,789.64
Add: Cash and cash equivalents received in the year for disposals of subsidiaries occurred in the previous period	14,560,000.00
Including: Junhong Animal Husbandry, Junkang Animal Husbandry	14,560,000.00
Net payments from disposals of subsidiaries	(12,800,789.64)

Six months ended 30 June 2025 (Unaudited)

RMB

	Amount
Proceeds received in the current year from disposals of subsidiaries occurred in the current period	–
Less: Cash and cash equivalents held by the subsidiaries on the date of loss of control	27,360,789.64
Including: Quyang Jialeyuan	27,360,789.64
Add: Cash and cash equivalents received in the year for disposals of subsidiaries occurred in the previous period	–
Net payments from disposals of subsidiaries	(27,360,789.64)

(4) Composition of cash and cash equivalents

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
I. Cash	1,354,463,409.84	1,477,387,281.44	1,267,479,002.39	1,264,860,714.16
Including: Cash on hand	15,041.05	–	–	–
Bank deposits available on demand	1,323,075,278.00	1,466,856,901.91	1,244,345,478.47	1,250,826,545.60
Other monetary funds available on demand	31,373,090.79	10,530,379.53	23,133,523.92	14,034,168.56
II. Cash equivalents	–	–	–	–
III. Cash and cash equivalents at the end of the year/period	1,354,463,409.84	1,477,387,281.44	1,267,479,002.39	1,264,860,714.16

(5) Monetary funds that are not cash and cash equivalents

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Reason
Bill deposits	97,554,097.95	89,713,906.59	29,864,955.38	37,242,130.34	Restricted use
Letter of guaranteed deposits	4,471,565.00	4,551,565.00	5,634,142.30	6,587,592.30	Restricted use
Letter of credit deposits	16,600,000.00	–	–	–	Restricted use
Other restrictions	15,900,951.77	12,953,596.02	3,137,727.45	2,796,584.77	Unable to use on demand
Total	134,526,614.72	107,219,067.61	38,636,825.13	46,626,307.41	/

58. (LOSSES) EARNINGS PER SHARE

(1) Basic earnings per share

The numerator is calculated as follows:

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Net (loss) profit attributable to owners of the Company for the year/period	(21,441,711.81)	1,017,483,751.06	1,115,806,521.19	595,439,054.97	654,414,168.48
Numerator for basic (loss) earnings per share calculation	(21,441,711.81)	1,017,483,751.06	1,115,806,521.19	595,439,054.97	654,414,168.48

The denominator is calculated as follows:

Share

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Number of ordinary shares issued at the beginning of the year/period	705,600,002.31	720,000,000.00	720,000,000.00	720,000,000.00	720,000,000.00
Add: Weighted average number of additional ordinary shares acquired by employee share ownership platforms for the year/period	5,602,190.88	–	–	–	–
Denominator for basic earnings per share calculation	711,202,193.19	720,000,000.00	720,000,000.00	720,000,000.00	720,000,000.00

Note: To enhance the comparability of earnings per share during the Track Record Periods, the numbers of ordinary shares mentioned above have been adjusted to reflect the impact of the restructuring into a joint stock limited company.

(2) Diluted earnings per share

The numerator is calculated as follows:

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Net (loss) profit attributable to the owners of the Company for the year/period	(21,441,711.81)	1,017,483,751.06	1,115,806,521.19	595,439,054.97	654,414,168.48
Numerator for diluted (loss) earnings per share calculation	(21,441,711.81)	1,017,483,751.06	1,115,806,521.19	595,439,054.97	654,414,168.48

The denominator is calculated as follows:

Share

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Number of ordinary shares issued at the beginning of the year/period	705,600,002.31	720,000,000.00	720,000,000.00	720,000,000.00	720,000,000.00
Add: Weighted average number of additional ordinary shares acquired by employee share ownership platforms for the year/period	5,602,190.88	–	–	–	–
Dilutive effect of share option incentive plans	4,613,976.03	–	–	–	–
Denominator for diluted earnings per share calculation	715,816,169.22	720,000,000.00	720,000,000.00	720,000,000.00	720,000,000.00

(3) (Losses) earnings per share

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Basic (losses) earnings per share	(0.03)	1.41	1.55	0.83	0.91
Diluted (losses) earnings per share	(0.03)	1.41	1.55	0.83	0.91

(VII) CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combination involving enterprises not under common control

(1) Business combinations involving enterprises not under common control during the Track Record Period

RMB

Name of acquiree	Acquisition date	Consideration	Equity interests proportion after acquisition	Equity acquisition method	Acquisition date	Determination basis of acquisition date	Revenue of the acquiree from the acquisition date to the end of the year	Net (loss) profit of the acquiree from the acquisition date to the end of the year
			(%)					
Lesson Dairy	31 July 2023	539,595,819.60	57.90%	Purchases	31 July 2023	The Company obtained control over the acquiree on the acquisition date.	402,640,389.13	(5,642,236.76)
Xi'an Yinqiao	31 July 2023	500,000,000.00	80.00%	Purchases	31 July 2023	The Company obtained control over the acquiree on the acquisition date.	367,674,453.31	(12,398,895.51)
Sikeqi Hebei	1 July 2023	56,338,400.00	60.00%	Purchases	1 July, 2023	The Company obtained control over the acquiree on the acquisition date.	54,936,679.62	1,633,068.45

(2) Consideration of business combinations and goodwill

2023

RMB

Consideration of business combinations	Sikeqi Hebei	Lesson Dairy	Xi'an Yinqiao	Total
– Cash	30,000,000.00	501,001,819.60	500,000,000.00	1,031,001,819.60
– Acquisition date fair value of equity interests held before the acquisition date	26,338,400.00	38,594,000.00	–	64,932,400.00
Less: Share of identifiable net assets acquired	33,218,530.91	410,235,330.96	324,622,019.12	768,075,880.99
Goodwill	23,119,869.09	129,360,488.64	175,377,980.88	327,858,338.61

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

2023

RMB

	Sikeqi Hebei		Lesson Dairy		Xi'an Yinqiao		Total	
	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date
Assets:								
Cash at bank and on hand	2,072,235.61	2,072,235.61	230,635,944.67	230,635,944.67	90,386,239.61	90,386,239.61	323,094,419.89	323,094,419.89
Held-for-trading financial assets	–	–	–	–	1,400,813.40	1,400,813.40	1,400,813.40	1,400,813.40
Bills receivable	–	–	–	–	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
Accounts receivable	1,755,857.18	1,755,857.18	75,565,979.67	75,565,979.67	30,122,143.19	30,122,143.19	107,443,980.04	107,443,980.04
Prepayments	12,721,830.35	12,721,830.35	24,101,764.74	24,101,764.74	3,908,523.52	3,908,523.52	40,732,118.61	40,732,118.61
Other receivables	2,098,242.15	2,098,242.15	16,637,199.69	16,637,199.69	11,353,569.60	11,353,569.60	30,089,011.44	30,089,011.44
Inventories	12,141,777.25	11,737,311.80	56,995,000.00	55,567,747.04	75,948,104.21	71,936,878.33	145,084,881.46	139,241,937.17
Other current assets	4,009,208.62	4,009,208.62	8,197,675.20	8,197,675.20	1,097,786.16	1,097,786.16	13,304,669.98	13,304,669.98
Long-term equity investments	–	–	7,419,784.46	7,419,784.46	37,449,509.46	37,449,509.46	44,869,293.92	44,869,293.92
Investment in other equity instruments	–	–	9,190,000.00	9,190,000.00	–	–	9,190,000.00	9,190,000.00
Fixed assets	41,728,910.00	39,589,122.77	613,066,900.00	599,322,777.62	248,440,186.57	248,965,186.57	903,235,996.57	887,877,086.96
Construction in progress	7,770,172.48	7,770,172.48	5,952,635.00	5,952,635.00	3,157,012.77	3,157,012.77	16,879,820.25	16,879,820.25
Productive biological assets	–	–	99,178,000.00	95,353,514.61	–	–	99,178,000.00	95,353,514.61
Right-of-use assets	–	–	19,670,381.31	19,670,381.31	–	–	19,670,381.31	19,670,381.31
Intangible assets	42,004,692.54	46,225.85	356,150,000.00	34,673,001.20	346,917,962.60	46,486,462.60	745,072,655.14	81,205,689.65
Long-term deferred expenses	436,893.27	436,893.27	10,389,592.86	10,389,592.86	–	–	10,826,486.13	10,826,486.13
Deferred tax assets	–	–	3,604,553.52	7,354,806.07	5,439,812.87	5,439,812.87	9,044,366.39	12,794,618.94
Other non-current assets	–	–	8,427,000.00	8,427,000.00	3,453,286.40	3,453,286.40	11,880,286.40	11,880,286.40

RMB

	Sikeqi Hebei		Lesson Dairy		Xi'an Yinqiao		Total	
	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date	Fair value at the acquisition date	Carrying amount at the acquisition date
Liabilities:								
Short-term borrowings	–	–	77,182,222.22	77,182,222.22	135,000,000.00	135,000,000.00	212,182,222.22	212,182,222.22
Accounts payable	14,520,726.29	14,520,726.29	101,155,352.68	101,155,352.68	126,507,242.46	126,507,242.46	242,183,321.43	242,183,321.43
Contract liabilities	2,931,794.54	2,931,794.54	6,841,872.59	6,841,872.59	14,094,190.44	14,094,190.44	23,867,857.57	23,867,857.57
Employee benefits payable	1,184,504.98	1,184,504.98	10,632,881.42	10,632,881.42	14,093,335.70	14,093,335.70	25,910,722.10	25,910,722.10
Taxes payable	422,805.27	422,805.27	2,114,683.46	2,114,683.46	5,261,604.46	5,261,604.46	7,799,093.19	7,799,093.19
Other payables	7,206,746.51	7,206,746.51	91,783,844.20	91,783,844.20	104,843,120.69	104,843,120.69	203,833,711.40	203,833,711.40
Non-current liabilities due within one year	–	–	208,563,077.05	209,759,968.85	–	–	208,563,077.05	209,759,968.85
Other current liabilities	3,398,394.27	3,398,394.27	22,566,972.88	22,566,972.88	37,910,273.83	37,910,273.83	63,875,640.98	63,875,640.98
Long-term borrowings	5,400,000.00	5,400,000.00	183,600,000.00	183,600,000.00	–	–	189,000,000.00	189,000,000.00
Lease liabilities	–	–	8,942,022.93	8,942,022.93	–	–	8,942,022.93	8,942,022.93
Long-term payables	1,772,514.24	1,772,514.24	72,102,321.33	84,235,888.06	–	–	73,874,835.57	86,008,402.30
Provisions	–	–	671,121.73	671,121.73	–	–	671,121.73	671,121.73
Deferred income	–	–	–	65,076,020.30	–	–	–	65,076,020.30
Deferred tax liabilities	11,125,679.84	–	50,497,256.12	–	45,587,658.89	–	107,210,594.85	–
Net assets	78,776,653.51	45,399,613.98	708,528,782.51	343,896,952.82	405,777,523.89	147,447,456.90	1,193,082,959.91	536,744,023.70
Less: Non-controlling interests	45,558,122.60	–	298,293,451.55	–	81,155,504.77	–	425,007,078.92	–
Net assets acquired	33,218,530.91	–	410,235,330.96	–	324,622,019.12	–	768,075,880.99	–

2. Disposal of subsidiaries

In 2023, the Group disposed of partial equity interests in Pinyuan Biotechnology, resulting in a loss of control of Pinyuan Biotechnology and its subsidiaries. The disposal information is as follows:

RMB

Items	Amount
Name of subsidiaries	Pinyuan Biotechnology and its subsidiaries
Date of loss of control	29 December 2023
Disposal proceeds for loss of control	30,787,200.00
Disposal percentage of equity interests when loss of control (%)	71.95
Disposal method of loss of control	Equity transfer
Basis for determining when loss of control	The relevant equity and net assets have been settled, and the registration with the administration for industry and commerce has been completed.
Difference between the disposal consideration and the share of net assets of the subsidiaries attributable to the disposed equity interests in the consolidated financial statements	5,431,712.57
Percentage of retained equity interests at the date of loss of control (%)	28.05
Carrying amount of the retained equity interests in the consolidated financial statements at the date of loss of control	9,882,858.37
Fair value of the retained equity interests on the consolidated financial statements at the date of loss of control	11,218,300.00
Gain arising from the remeasurement of retained equity interests at fair value	1,335,441.63
Method and key assumptions for determining fair value of the retained equity interests in the consolidated financial statements at the date of loss of control	Asset-based approach
The amount of other comprehensive income related to the equity investments held by former subsidiaries transferred to profit or loss or retained earnings	N/A

In 2024, the Group disposed of partial equity interests in Junhong Animal Husbandry, Junkang Animal Husbandry, and Zanhuang Jialeyuan, resulting in loss of control of these entities. The disposal information for Junhong Animal Husbandry and Junkang Animal Husbandry is as follows:

RMB

Items	Amount
Name of subsidiaries	Junhong Animal Husbandry, Junkang Animal Husbandry
Date of loss of control	30 November 2024
Disposal proceeds for loss of control	43,680,000.00
Disposal percentage of equity interests when loss of control (%)	6.00
Disposal method of loss of control	Equity transfer
Basis for determining when loss of control	The relevant equity and net assets have been settled, and the registration with the administration for industry and commerce has been completed.
Difference between the disposal consideration and the share of net assets of the subsidiaries attributable to the disposed equity interests in the consolidated financial statements	(163,881.74)
Percentage of retained equity interests at the date of loss of control (%)	45.00
Carrying amount of the retained equity interests in the consolidated financial statements at the date of loss of control	328,829,113.02
Fair value of the retained equity interests on the consolidated financial statements at the date of loss of control	327,600,000.00
Loss arising from the remeasurement of retained equity interests at fair value	(1,229,113.02)
Method and key assumptions for determining fair value of the retained equity interests in the consolidated financial statements at the date of loss of control	Asset-based approach
The amount of other comprehensive income related to the equity investments held by former subsidiaries transferred to profit or loss or retained earnings	N/A

In 2025, the Group disposed of entire equity interests in Quyang Jialeyuan, resulting in loss of control of this entity. The disposal information for Quyang Jialeyuan is as follows:

RMB

Items	Amount
Name of subsidiaries	Quyang Jialeyuan
Date of loss of control	21 April 2025
Disposal proceeds for loss of control	53,313,622.31
Disposal percentage of equity interests when loss of control (%)	52.46
Disposal method of loss of control	Equity transfer
Basis for determining when loss of control	The relevant equity and net assets have been settled, and the registration with the administration for industry and commerce has been completed.
Difference between the disposal consideration and the share of net assets of the subsidiaries attributable to the disposed equity interests in the consolidated financial statements	238,305.44
Percentage of retained equity interests at the date of loss of control (%)	–
Carrying amount of the retained equity interests in the consolidated financial statements at the date of loss of control	–
Fair value of the retained equity interests on the consolidated financial statements at the date of loss of control	–
Loss arising from the remeasurement of retained equity interests at fair value	–
Method and key assumptions for determining fair value of the retained equity interests in the consolidated financial statements at the date of loss of control	N/A
The amount of other comprehensive income related to the equity investments held by former subsidiaries transferred to profit or loss or retained earnings	N/A

3. Other reasons for changes in scope of consolidation

(1) Subsidiaries established during the Track Record Period:

Name of companies	Establishment date
Weixian Leyuanjia	February 2023
Xiangyun Leyuan	April 2023
Tianchang Leyuan	March 2023
Junlebao South China Dairy (Guangdong) Co., Ltd. (君樂寶華南乳業(廣東)有限公司) ("Junlebao South China")	June 2023
Haixing Leyuan	August 2023
Zhengyang Leyuan	September 2023
Junlebao (Hebei) Enterprise Management Co., Ltd. (君樂寶(河北)企業管理有限公司) ("Junlebao Enterprise Management")	October 2023
Anhui Junlebao Dairy Co., Ltd. (安徽君樂寶乳業有限公司) ("Anhui Junlebao")	November 2023
Aisen Biotechnology (Hainan) Co., Ltd. (愛森生物科技(海南)有限公司) ("Aisen Biotechnology Hainan")	November 2023
Direct Global Genetics (Singapore) Pte. Ltd.	December 2023
Junlebao Hong Kong	February 2024
Hebei Jintaipu Trading Co., Ltd (河北金泰普商貿有限公司) ("Hebei Jintaipu")	August 2024
Junlebao Hong Kong International Trading	July 2025
Junlebao Special Medical	September 2025
Quanzhou Junlebao	March 2026

(2) Subsidiary deregistration during the Track Record Period:

Name of companies	Deregistration date
Daming Leyuanjia	February 2023
Shenze Jiasi	April 2023
Hebei Junlebao E-commerce Co., Ltd. (河北君樂寶電子商務)	August 2023
Huanghua Junchuang	October 2023
Zhengyang Junchang Trading Co., Ltd. (正陽君暢商貿有限公司) ("Zhengyang Junchang")	August 2024
Leyuan Junjie	November 2024
Shijiazhuang Baokuwang Trading Co., Ltd. (石家莊寶庫旺商貿有限公司) ("Shijiazhuang Baokuwang")	December 2024
Shanghai Chunxiang	August 2025
Junxiang Property	February 2026

(VIII) INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB0'000)														
Leyuan Animal Husbandry . . .	Shijiazhuang, Hebei	480,000.00	16 August 2013	Shijiazhuang, Hebei	Dairy farming	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Leyuan Weixian	Xingtai, Hebei	94,600.00	24 January 2014	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Junbang	Xingtai, Hebei	51,900.00	10 March 2016	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Xingtang	Shijiazhuang, Hebei	5,950.00	6 March 2014	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Xuzhou Leyuan	Xuzhou, Jiangsu	10,000.00	24 April 2014	Xuzhou, Jiangsu	Dairy farming	-	60.00%	-	60.00%	-	60.00%	-	60.00%	-	60.00%	Establishment or investment and other methods
Junsheng Animal Husbandry . .	Shijiazhuang, Hebei	30,000.00	28 April 2016	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Zhengyang	Zhumadian, Henan	46,600.00	13 December 2016	Zhumadian, Henan	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junhong Animal Husbandry *(Note (VII)2)*	Xingtai, Hebei	12,000.00	6 April 2017	Xingtai, Hebei	Dairy farming	-	51.00%	-	Note (VI) 10	-	Note (VI) 10	-	Note (VI) 10	-	Note (VI) 10	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB0'000)														
Youzhi Animal Husbandry	Zhangjiakou, Hebei	6,830.00	3 August 2017	Zhangjiakou, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junxiang Animal Husbandry	Xingtai, Hebei	40,000.00	18 January 2019	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junkang Animal Husbandry *(Note (VII)2)*	Xingtai, Hebei	15,000.00	25 April 2019	Xingtai, Hebei	Dairy farming	-	51.00%	-	Note (VI) 10	-	Note (VI) 10	-	Note (VI) 10	-	Note (VI) 10	Establishment or investment and other methods
Baixiang Junchuang	Xingtai, Hebei	1,506.00	5 May 2019	Xingtai, Hebei	Dairy farming	-	58.53%	-	58.53%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Handan	Handan, Hebei	20,000.00	25 June 2019	Handan, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junchuang Animal Husbandry	Shijiazhuang, Hebei	98,400.00	23 September 2019	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Huangbua Leyuanjia	Cangzhou, Hebei	11,000.00	23 December 2021	Cangzhou, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junchuang Yimu	Shijiazhuang, Hebei	14,000.00	23 December 2021	Shijiazhuang, Hebei	Dairy farming	-	81.40%	-	81.40%	-	81.40%	-	81.40%	-	81.40%	Establishment or investment and other methods
Junchuang Ermu	Shijiazhuang, Hebei	3,500.00	22 December 2021	Shijiazhuang, Hebei	Dairy farming	-	54.29%	-	54.29%	-	54.29%	-	54.29%	-	54.29%	Establishment or investment and other methods
Junliyuan Animal Husbandry	Shijiazhuang, Hebei	1,960.00	21 December 2020	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Jiaer	Shijiazhuang, Hebei	3,000.00	18 January 2022	Shijiazhuang, Hebei	Dairy farming	-	96.00%	-	96.00%	-	96.00%	-	96.00%	-	96.00%	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Zanhuang Jialeyuan	Shijiazhuang, Hebei	2,062.98	28 March 2022	Shijiazhuang, Hebei	Dairy farming	-	50.40%	-	Note (VI) 10	-	Note (VI) 10	-	Note (VI) 10	-	Note (VI) 10	Establishment or investment and other methods
Leyuan Jiasan	Shijiazhuang, Hebei	5,300.00	28 March 2022	Shijiazhuang, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Lixian Leyuanjia	Baoding, Hebei	10,300.00	28 March 2022	Baoding, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Gaoyang Leyuanjia	Baoding, Hebei	13,300.00	28 March 2022	Baoding, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Jiasen	Xingtai, Hebei	5,300.00	11 April 2022	Xingtai, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Jiasi	Xingtai, Hebei	11,765.00	13 April 2022	Xingtai, Hebei	Dairy farming	-	75.78%	-	75.78%	-	75.78%	-	75.78%	-	75.78%	Establishment or investment and other methods
Quyang Jialeyuan *(Note (VII)2)*	Baoding, Hebei	10,484.00	29 July 2022	Baoding, Hebei	Dairy farming	-	52.46%	-	52.46%	-	-	-	-	-	-	Establishment or investment and other methods
Weixian Leyuanjia	Handan, Hebei	3,300.00	3 February 2023	Handan, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Haixing Leyuan	Cangzhou, Hebei	200.00	15 August 2023	Cangzhou, Hebei	Dairy farming	-	50.20%	-	50.20%	-	50.20%	-	50.20%	-	50.20%	Establishment or investment and other methods
Leyuan Junfeng	Tangshan, Hebei	35,000.00	14 September 2021	Tangshan, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junyue Feed	Xingtai, Hebei	500.00	10 July 2020	Xingtai, Hebei	Production and sale of feed	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Leyuan Zhangbei	Zhangjiakou, Hebei	12,000.00	14 August 2020	Zhangjiakou, Hebei	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junmong Feed	Zhangjiakou, Hebei	1,000.00	4 September 2020	Zhangjiakou, Hebei	Sale of feed	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Leyuan Junkai	Xingtai, Hebei	3,000.00	28 November 2020	Xingtai, Hebei	Beef cattle and dairy farming	-	71.67%	-	71.67%	-	71.67%	-	71.67%	-	71.67%	Establishment or investment and other methods
Leyuan Junjie	Cangzhou, Hebei	12,000.00	7 April 2021	Cangzhou, Hebei	Dairy farming	-	100.00%	-	-	-	-	-	-	-	-	Establishment or investment and other methods
Leyuan Junhui	Cangzhou, Hebei	20,000.00	28 December 2021	Cangzhou, Hebei	Dairy farming	-	55.00%	-	55.00%	-	55.00%	-	55.00%	-	55.00%	Establishment or investment and other methods
Pinyuan Biotechnology *(Note (VII) 2)*	Shijiazhuang, Hebei	4,000.00	25 March 2021	Shijiazhuang, Hebei	Breeding cattle	-	Note 2	-	Note 2	-	Note 2	-	Note 2	-	Note 2	Establishment or investment and other methods
Pinyuan Breeding Cattle	Xingtai, Hebei	19,000.00	15 December 2021	Xingtai, Hebei	Breeding cattle	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Hebei Junben Trading Co., Ltd. (河北君苯貿易有限公司)	Tangshan, Hebei	500.00	25 June 2021	Tangshan, Hebei	Wholesale	-	Note 2	-	Note 2	-	Note 2	-	Note 2	-	Note 2	Establishment or investment and other methods
Aisen Technology	Texas, USA	1,150.00 (USD)	3 January 2022	Texas, USA	Breeding cattle	-	Note 2	-	Note 2	-	Note 2	-	Note 2	-	Note 2	Establishment or investment and other methods
Aisen Biotechnology Hainan	Chengmai, Hainan	1,200.00	1 November 2023	Chengmai, Hainan	Breeding cattle	-	Note 2	-	Note 2	-	Note 2	-	Note 2	-	Note 2	Establishment or investment and other methods
Direct Global Genetics (Singapore) Pte. Ltd.	Singapore	0.10 (SGD)	21 December 2023	Singapore	Breeding cattle	-	Note 2	-	Note 2	-	Note 2	-	Note 2	-	Note 2	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Junao Zanhuang	Shijiazhuang, Hebei	7,000.00	29 June 2020	Shijiazhuang, Hebei	Dairy farming	-	93.11%	-	93.11%	-	93.11%	-	93.11%	-	93.11%	Establishment or investment and other methods
Xinxiang Leyuan	Xinxiang, Henan	30,000.00	20 May 2022	Xinxiang, Henan	Dairy farming	-	100.00%	-	100.00%	-	65.00%	-	65.00%	-	65.00%	Establishment or investment and other methods
Xiangyun Leyuan	Dali Bai Autonomous Prefecture, Yunnan	10,000.00	18 April 2023	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Tianchang Leyuan	Tianchang, Anhui	20,000.00	1 March 2023	Tianchang, Anhui	Dairy farming	-	70.00%	-	70.00%	-	70.00%	-	70.00%	-	70.00%	Establishment or investment and other methods
Zhengyang Leyuan	Zhumadian, Henan	20,000.00	28 September 2023	Zhumadian, Henan	Dairy farming	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Banner Animal Husbandry . . .	Zhangjiakou, Hebei	31,000.00	1 November 2020	Zhangjiakou, Hebei	Dairy farming	71.36%	-	71.36%	-	71.36%	-	71.36%	-	71.36%	-	Business combinations involving enterprises not under common control
Hebei Guanwei	Shijiazhuang, Hebei	965.00	30 July 1996	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Shijiazhuang Junlebao Taihang Dairy Co., Ltd. (石家莊君樂寶太行乳業有限公司) ("Taihang Dairy")	Shijiazhuang, Hebei	12,000.00	12 September 2006	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Hebei Junlebao Junchang Dairy Co., Ltd. (河北君樂寶君昌乳業有限公司)	Tangshan, Hebei	15,000.00	2 January 2019	Tangshan, Hebei	Production and sale of dairy products	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Banner Dairy	Zhangjiakou, Hebei	30,000.00	26 February 2013	Zhangjiakou, Hebei	Production and sale of dairy products	71.36%	-	71.36%	-	71.36%	-	71.36%	-	71.36%	-	Business combinations involving enterprises not under common control
Hebei Junlebao Linghang Dairy Co., Ltd. (河北君樂寶領航乳業有限公司) ("Linghang Dairy")	Zhangjiakou, Hebei	15,900.00	11 January 2019	Zhangjiakou, Hebei	Production and sale of dairy products	-	71.36%	-	71.36%	-	71.36%	-	71.36%	-	71.36%	Establishment or investment and other methods
Hebei JunleBao Junheng Dairy Co., Ltd. (河北君樂寶君恒乳業有限公司) ("Junheng Dairy")	Shijiazhuang, Hebei	10,000.00	17 November 2016	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Leshi Dairy	Shijiazhuang, Hebei	2,900.03	5 December 2001	Shijiazhuang, Hebei	Production and sale of dairy products	71.91%	-	86.45%	-	86.45%	-	86.45%	-	86.45%	-	Business combinations involving enterprises not under common control
Junyuan Dairy *(Note 3)*	Shijiazhuang, Hebei	16,800.00	5 September 2014	Shijiazhuang, Hebei	Production and sale of dairy products	-	56.23%	-	70.30%	-	86.45%	-	86.45%	-	86.45%	Establishment or investment and other methods
Hebei Junlebao Juncheng Dairy Co., Ltd. (河北君樂寶君誠乳業有限公司) ("Juncheng Dairy") *(Note 3)*	Shijiazhuang, Hebei	15,000.00	21 December 2018	Shijiazhuang, Hebei	Production and sale of dairy products	-	56.23%	-	70.30%	-	86.45%	-	86.45%	-	86.45%	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Baoding Junlebao	Baoding, Hebei	3,254.00	25 August 2003	Baoding, Hebei	Production and sale of dairy products	99.70%	-	99.70%	-	99.70%	-	99.70%	-	99.70%	-	Business combinations involving enterprises not under common control
Jiangsu Junlebao	Xuzhou, Jiangsu	16,700.00	8 March 2004	Xuzhou, Jiangsu	Production and sale of dairy products	51.00%	-	51.00%	-	51.00%	-	51.00%	-	51.00%	-	Establishment or investment and other methods
Shijiazhuang Yongsheng Dairy Co., Ltd. (石家莊永盛乳業有限公司) ("Yongsheng Dairy")	Shijiazhuang, Hebei	44,000.00	25 September 2007	Shijiazhuang, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Siping Junlebao	Siping, Jilin	43,500.00	17 April 2015	Siping, Jilin	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Zhengyang Junlebao	Zhumadian, Henan	22,500.00	30 September 2015	Zhumadian, Henan	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Weixian Junlebao	Xingtai, Hebei	5,000.00	11 January 2018	Xingtai, Hebei	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Handan Junlebao	Handan, Hebei	10,000.00	25 June 2019	Handan, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Cangzhou Junlebao	Cangzhou, Hebei	10,000.00	25 November 2019	Cangzhou, Hebei	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Zhengyang Junchang	Zhumadian, Henan	100.00	18 August 2017	Zhumadian, Henan	Sale of dairy products	100.00%	-	-	-	-	-	-	-	-	-	Establishment or investment and other methods
Junlebao Dairy (Shanghai) Co., Ltd. (君樂寶乳業(上海)有限公司) ("Shanghai Junlebao")	Jinshan, Shanghai	300.00	6 November 2017	Jinshan, Shanghai	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Shanghai Chunxiang	Jinshan, Shanghai	100.00	24 December 2015	Jinshan, Shanghai	Sale of dairy products	-	100.00%	-	100.00%	-	-	-	-	-	-	Business combinations involving enterprises not under common control
Beijing Junbao Live Trading Co., Ltd. (北京君寶立業商貿有限公司) ("Beijing Junbao")	Miyun, Beijing	200.00	6 March 2019	Miyun, Beijing	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Business combinations involving enterprises not under common control
Guangdong Junlebao	Guangzhou, Guangdong	1,000.00	1 July 2022	Guangzhou, Guangdong	Sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Derong Packaging	Shijiazhuang, Hebei	8,382.00	23 November 2012	Shijiazhuang, Hebei	Production and sale of packaging materials	99.99%	0.01%	99.99%	0.01%	99.99%	0.01%	99.99%	0.01%	99.99%	0.01%	Business combinations involving enterprises not under common control
Siping Derong	Siping, Jilin	100.00	25 May 2016	Siping, Jilin	Production and sale of packaging materials	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Business combinations involving enterprises not under common control

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Zhengyang Derong	Zhumadian, Henan	100.00	4 March 2016	Zhumadian, Henan	Production and sale of packaging materials	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Business combinations involving enterprises not under common control
Shijiazhuang Delian Plastic Packaging Container Co., Ltd. (石家莊德聯塑包裝容器有限公司)	Shijiazhuang, Hebei	300.00	24 September 2013	Shijiazhuang, Hebei	Production and sale of packaging materials	-	51.00%	-	51.00%	-	51.00%	-	51.00%	-	51.00%	Business combinations involving enterprises not under common control
Weixian Derong	Xingtai, Hebei	100.00	29 January 2021	Xingtai, Hebei	Production and sale of packaging materials	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Business combinations involving enterprises not under common control
Shijiazhuang Baokuwang	Shijiazhuang, Hebei	100.00	20 February 2014	Shijiazhuang, Hebei	Sale of dairy products	100.00%	-	-	-	-	-	-	-	-	-	Establishment or investment and other methods
Shijiazhuang Junlebao Real Estate Development Co., Ltd. (石家莊君樂寶房地產開發有限公司) ("Real Estate Company") *(Note 4)*	Shijiazhuang, Hebei	29,500.00	3 August 2017	Shijiazhuang, Hebei	Development and operation of property	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Junxiang Property *(Note 4)*	Shijiazhuang, Hebei	50.00	30 March 2022	Shijiazhuang, Hebei	Property management	-	100.00%	-	100.00%	-	100.00%	-	-	-	-	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Junlebao South China	Jiangmen, Guangdong	15,000.00	7 June 2023	Jiangmen, Guangdong	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Xi'an Yinqiao	Xi'an, Shaanxi	15,000.00	19 June 2023	Xi'an, Shaanxi	Production and sale of dairy products	80.00%	-	80.00%	-	80.00%	-	80.00%	-	80.00%	-	Business combinations involving enterprises not under common control
Youyou Zhichun	Xi'an, Shaanxi	200.00	6 January 2021	Xi'an, Shaanxi	Sale of dairy products	-	80.00%	-	80.00%	-	80.00%	-	80.00%	-	80.00%	Business combinations involving enterprises not under common control
Sikeqi Hebei	Shijiazhuang, Hebei	750.00	11 April 2019	Shijiazhuang, Hebei	Sale of dairy products	72.51%	-	82.51%	-	82.51%	-	82.51%	-	82.51%	-	Business combinations involving enterprises not under common control
Sikeqi Shandong	Zaozhuang, Shandong	1,155.00	15 April 2021	Zaozhuang, Shandong	Production and sale of dairy products	-	41.12%	-	46.79%	-	46.79%	-	46.79%	-	46.79%	Business combinations involving enterprises not under common control
Dali Lesson Dairy	Dali Bai Autonomous Prefecture, Yunnan	5,380.00	6 April 2001	Dali Bai Autonomous Prefecture, Yunnan	Production and sale of dairy products	57.90%	-	57.90%	-	57.90%	-	57.90%	-	57.90%	-	Business combinations involving enterprises not under common control
Dali Yunying	Dali Bai Autonomous Prefecture, Yunnan	2,000.00	22 May 2019	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Yunnan Lesson Dairy	Dali Bai Autonomous Prefecture, Yunnan	5,380.00	30 May 2018	Dali Bai Autonomous Prefecture, Yunnan	Production and sale of dairy products	57.90%	-	57.90%	-	57.90%	-	57.90%	-	57.90%	-	Business combinations involving enterprises not under common control
Yunduan Animal Husbandry	Dali Bai Autonomous Prefecture, Yunnan	20,000.00	18 December 2018	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Yunfei Animal Husbandry	Dali Bai Autonomous Prefecture, Yunnan	2,000.00	11 May 2022	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Yunxiang Animal Husbandry	Dali Bai Autonomous Prefecture, Yunnan	4,600.00	18 January 2022	Dali Bai Autonomous Prefecture, Yunnan	Dairy farming	-	57.90%	-	57.90%	-	57.90%	-	57.90%	-	57.90%	Business combinations involving enterprises not under common control
Junlebao Enterprise Management	Shijiazhuang, Hebei	50,000.00	24 October 2023	Shijiazhuang, Hebei	Headquarters management for enterprises	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods

Subsidiaries	Principal place of operation	Registered capital	Establishment date	Place of registration	Nature of business	Equity interests proportion as at 31 December 2023		Equity interests proportion as at 31 December 2024		Equity interests proportion as at 31 December 2025		Equity interests proportion as at 30 June 2026		Equity interests proportion as at date of the report (Unaudited)		Acquisition method
						Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
		(RMB'000)														
Anhui Junlebao Dairy	Chuzhou, Anhui	15,000.00	27 November 2023	Chuzhou, Anhui	Production and sale of dairy products	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Hebei Jintaipu	Shijiazhuang, Hebei	1,000.00	6 August 2024	Shijiazhuang, Hebei	Sale of dairy products	-	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Establishment or investment and other methods
Junlebao Hong Kong	Hong Kong, China	1.00 (HKD)	8 February 2024	Hong Kong, China	External investment	-	-	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Pingshan Junhe	Shijiazhuang, Hebei	1,960.00	2 June 2020	Shijiazhuang, Hebei	Dairy farming	-	-	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junlebao Hong Kong International Trading	Hong Kong, China	1,000.00	17 July 2025	Hong Kong, China	Sale of dairy products	-	-	-	-	-	100.00%	-	100.00%	-	100.00%	Establishment or investment and other methods
Junlebao Special Medical (Hebei) Nutrition Food Co., Ltd.(君樂寶特醫(河北)營養食品有限公司)	Shijiazhuang, Hebei	2,000.00	29 September 2025	Shijiazhuang, Hebei	Sale of dairy products	-	-	-	-	-	60.00%	-	60.00%	-	60.00%	Establishment or investment and other methods
Quanzhou Junlebao	Jinjiang Fujian	1,000.00	March 4, 2026	Jinjiang Fujian	Sale of dairy products	-	-	-	-	-	-	100.00%	-	100.00%	-	Establishment or investment and other methods

Note 1: The indirect equity interests proportion disclosed above represents the actual equity interests held by the Group.

Note 2: Junben Trading, Aisen Technology, Aisen Biotechnology Hainan., and Direct Global Genetics (Singapore) Pte. Ltd. are wholly-owned subsidiaries of Pinyuan Biotechnology. In 2023, the Group disposed of a portion of its equity interests in Pinyuan Biotechnology, resulting in loss of control of Pinyuan Biotechnology and its subsidiaries, as detailed in Note (VII) 2.

Reasons why the equity interests proportion held in subsidiary is different from the voting right proportion:

Note 3: Junyuan Dairy is jointly established by Leshi Dairy, a non-wholly owned subsidiary of the Company, and CDB Fund. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, Leshi Dairy held 78.20%, 81.32%, 86.45% and 86.45% equity interests in Junyuan Dairy, respectively. Juncheng Dairy is a wholly owned subsidiary of Junyuan Dairy, with identical proportion of equity interests. Leshi Dairy has full control over the operations, investments, and financial policies of Junyuan Dairy through contractual arrangements, as detailed in Note (VI) 33. These contractual arrangements will expire on 28 December 2030. As at 31 December 2023 and 31 December 2024, CDB Fund's remaining investment accounted for 21.80% and 18.68% of Junyuan Dairy's registered capital, respectively. As at 31 December 2025, Junyuan Dairy has fully repaid CDB Fund's remaining investment.

Note 4: The Real Estate Company is jointly established by the Company and other shareholders. The Company has full control over the operations, investments, and financial policies of the Real Estate Company through contractual arrangements. These contractual arrangements were terminated in December 2023 upon the exit of other shareholders. In March 2026, the Real Estate Company was renamed as Shijiazhuang Junlebao Research & Innovation Enterprise Management Co., Ltd., and its business nature changed to management consulting and technical services.

(2) Significant non-wholly owned subsidiaries

2023

RMB

Name of subsidiaries	Equity interests proportion held by non-controlling shareholders	Comprehensive (loss) income attributable to non-controlling shareholders during the year	Acquisition of non-controlling interests in subsidiaries	Balance of non-controlling interests at the end of the year
Dali Lesson Dairy	42.10%	(3,277,803.17)	–	241,215,605.29
Banner Dairy and its subsidiaries *(Note 1)*	28.64%	7,145,071.66	(37,379,198.37)	149,620,690.02
Banner Animal Husbandry	28.64%	(20,832,214.50)	(20,888,937.38)	71,984,910.22
Jiangsu Junlebao	49.00%	11,549,145.29	–	118,607,901.42
Junhong Animal Husbandry	49.00%	27,727,089.96	–	170,210,691.76
Junkang Animal Husbandry	49.00%	28,662,414.32	–	126,976,185.15
Total		50,973,703.56	(58,268,135.75)	878,615,983.86

2024

RMB

Name of subsidiaries	Equity interests proportion held by non-controlling shareholders	Comprehensive income (loss) attributable to non-controlling shareholders during the year	Dividends declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
Dali Lesson Dairy	42.10%	4,904,214.02	(4,216,315.01)	241,903,504.30
Banner Dairy and its subsidiaries *(Note 1)*	28.64%	5,062,904.21	–	154,683,594.23
Banner Animal Husbandry	28.64%	(3,518,784.89)	–	68,466,125.33
Jiangsu Junlebao	49.00%	21,091,605.81	–	139,699,507.23
Total		27,539,939.15	(4,216,315.01)	604,752,731.09

2025

RMB

Name of subsidiaries	Equity interests proportion held by non-controlling shareholders	Comprehensive income (loss) attributable to non-controlling shareholders during the year	Dividends declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
Dali Lesson Dairy	42.10%	5,208,251.14	(4,599,887.40)	242,511,868.04
Banner Dairy and its subsidiaries *(Note 1)*	28.64%	14,925,707.98	–	169,609,302.21
Banner Animal Husbandry	28.64%	11,600,550.28	–	80,066,675.61
Jiangsu Junlebao	49.00%	19,802,592.14	–	159,502,099.37
Xinxiang Leyuan	35.00%	(2,986,855.61)	–	99,645,284.56
Total		48,550,245.93	(4,599,887.40)	751,335,229.79

Six months ended 30 June 2026

RMB

Name of subsidiaries	Equity interests proportion held by non-controlling shareholders	Comprehensive (loss) income attributable to non-controlling shareholders during the period	Dividends declared to non-controlling shareholders during the period	Balance of non-controlling interests at the end of the period
Dali Lesson Dairy	42.10%	(778,620.88)	–	241,733,247.16
Banner Dairy and its subsidiaries *(Note 1)*	28.64%	8,570,667.87	–	178,179,970.08
Banner Animal Husbandry	28.64%	4,649,855.79	–	84,716,531.40
Jiangsu Junlebao	49.00%	9,158,196.65	–	168,660,296.02
Xinxiang Leyuan	35.00%	1,534,766.77	–	101,180,051.33
Total		23,134,866.20	–	774,470,095.99

Note 1: Banner Dairy and its subsidiaries include Banner Dairy and Linghang Dairy.

(3) Material financial information of significant non-wholly owned subsidiaries

RMB

	31 December 2023					
Name of subsidiaries	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
Dali Lesson Dairy	373,601,253.92	442,928,073.12	816,529,327.04	241,982,288.52	1,293,298.26	243,275,586.78
Banner Dairy and its subsidiaries	686,039,710.45	792,982,148.67	1,479,021,859.12	684,056,709.89	347,883,138.08	1,031,939,847.97
Banner Animal Husbandry	262,142,121.55	1,440,210,179.65	1,702,352,301.20	1,303,607,591.68	2,830,188.71	1,306,437,780.39
Jiangsu Junlebao	117,971,573.06	406,380,326.58	524,351,899.64	148,002,859.03	134,352,245.05	282,355,104.08
Junhong Animal Husbandry	150,310,338.19	450,778,641.68	601,088,979.87	81,074,490.95	172,645,730.23	253,720,221.18
Junkang Animal Husbandry	224,005,939.53	516,100,814.51	740,106,754.04	256,089,364.40	224,882,317.91	480,971,682.31
Total	1,814,070,936.70	4,049,380,184.21	5,863,451,120.91	2,714,813,304.47	883,886,918.24	3,598,700,222.71

RMB

	31 December 2024					
Name of subsidiaries	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
Dali Lesson Dairy	387,789,254.45	424,367,083.88	812,156,338.33	206,157,296.72	31,111,241.81	237,268,538.53
Banner Dairy and its subsidiaries	722,209,576.42	708,222,991.15	1,430,432,567.57	744,072,470.93	221,600,347.33	965,672,818.26
Banner Animal Husbandry	301,770,346.88	1,503,337,210.87	1,805,107,557.75	1,418,875,523.48	2,603,773.56	1,421,479,297.04
Jiangsu Junlebao	232,784,388.72	371,364,026.28	604,148,415.00	199,145,836.60	119,961,689.36	319,107,525.96
Total	1,644,553,566.47	3,007,291,312.18	4,651,844,878.65	2,568,251,127.73	375,277,052.06	2,943,528,179.79

RMB

	31 December 2025					
Name of subsidiaries	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
Dali Lesson Dairy	455,980,395.54	409,008,747.65	864,989,143.19	287,650,252.18	1,005,942.89	288,656,195.07
Banner Dairy and its subsidiaries	874,904,776.58	654,848,807.65	1,529,753,584.23	836,959,204.99	175,919,727.75	1,012,878,932.74
Banner Animal Husbandry	319,134,382.66	1,518,431,717.58	1,837,566,100.24	1,411,055,766.33	2,377,358.52	1,413,433,124.85
Jiangsu Junlebao	282,824,137.85	368,209,644.19	651,033,782.04	220,831,365.76	104,748,073.90	325,579,439.66
Xinxiang Leyuan	71,086,501.86	356,783,643.49	427,870,145.35	138,525,194.62	4,644,137.69	143,169,332.31
Total	2,003,930,194.49	3,307,282,560.56	5,311,212,755.05	2,895,021,783.88	288,695,240.75	3,183,717,024.63

RMB

	30 June 2026					
Name of subsidiaries	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
Dali Lesson Dairy	365,902,196.44	375,756,103.51	741,658,299.95	166,103,031.32	1,071,776.28	167,174,807.60
Banner Dairy and its subsidiaries	889,066,618.95	628,302,679.02	1,517,369,297.97	830,778,209.08	139,790,921.12	970,569,130.20
Banner Animal Husbandry	246,328,990.46	1,503,660,395.81	1,749,989,386.27	1,307,356,729.86	2,264,151.00	1,309,620,880.86
Jiangsu Junlebao	316,618,758.81	358,889,624.72	675,508,383.53	233,181,605.03	98,182,238.88	331,363,843.91
Xinxiang Leyuan	65,220,472.49	346,752,916.38	411,973,388.87	118,943,665.58	3,943,862.34	122,887,527.92
Total	1,883,137,037.15	3,213,361,719.44	5,096,498,756.59	2,656,363,240.87	245,252,949.62	2,901,616,190.49

RMB

	2023			
Name of subsidiaries	**Revenue**	**Net (loss) profit**	**Total comprehensive (loss) income**	**Cash flows from operating activities**
Dali Lesson Dairy	392,590,287.99	(7,785,755.75)	(7,785,755.75)	12,928,920.38
Banner Dairy and its subsidiaries	790,128,934.71	18,407,848.83	18,407,848.83	31,666,911.79
Banner Animal Husbandry	562,500,908.13	(73,976,520.20)	(73,976,520.20)	142,209,433.53
Jiangsu Junlebao	969,459,170.53	23,569,684.26	23,569,684.26	85,287,315.88
Junhong Animal Husbandry	393,239,442.33	56,585,897.87	56,585,897.87	118,894,153.60
Junkang Animal Husbandry	409,612,902.86	58,494,723.11	58,494,723.11	117,147,015.70
Total	3,517,531,646.55	75,295,878.12	75,295,878.12	508,133,750.88

RMB

	2024			
Name of subsidiaries	**Revenue**	**Net profit (loss)**	**Total comprehensive income (loss)**	**Cash flows from operating activities**
Dali Lesson Dairy	826,049,171.90	11,648,964.42	11,648,964.42	5,113,003.15
Banner Dairy and its subsidiaries	707,512,492.90	17,677,738.16	17,677,738.16	(232,158,701.19)
Banner Animal Husbandry	716,875,960.00	(12,286,260.10)	(12,286,260.10)	244,081,227.99

	2024			
Name of subsidiaries	Revenue	Net profit (loss)	Total comprehensive income (loss)	Cash flows from operating activities
Jiangsu Junlebao	1,063,134,960.80	43,044,093.48	43,044,093.48	34,534,879.85
Total	3,313,572,585.60	60,084,535.96	60,084,535.96	51,570,409.80

RMB

	2025			
Name of subsidiaries	Revenue	Net profit (loss)	Total comprehensive income (loss)	Cash flows from operating activities
Dali Lesson Dairy	806,272,233.22	12,371,142.85	12,371,142.85	107,199,222.59
Banner Dairy and its subsidiaries	628,890,835.83	52,114,902.18	52,114,902.18	157,907,928.88
Banner Animal Husbandry	838,012,079.45	40,504,714.68	40,504,714.68	228,108,430.97
Jiangsu Junlebao	1,071,729,643.25	40,413,453.34	40,413,453.34	11,859,801.54
Xinxiang Leyuan	50,572,499.80	(9,012,962.25)	(9,012,962.25)	2,864,608.31
Total	3,395,477,291.55	136,391,250.80	136,391,250.80	507,939,992.29

RMB

	Six months ended 30 June 2026			
Name of subsidiaries	Revenue	Net (loss) profit	Total comprehensive (loss) income	Cash flows from operating activities
Dali Lesson Dairy	340,041,097.56	(7,210,295.77)	(1,849,455.77)	(140,637,472.58)
Banner Dairy and its subsidiaries	378,804,535.90	29,925,516.29	29,925,516.29	108,982,016.44
Banner Animal Husbandry	394,786,995.07	16,235,530.01	16,235,530.01	98,208,944.41
Jiangsu Junlebao	552,103,017.19	18,690,197.24	18,690,197.24	66,365,775.67
Xinxiang Leyuan	91,739,795.64	4,385,047.91	4,385,047.91	18,501,938.24
Total	1,757,475,441.36	62,025,995.68	67,386,835.68	151,421,202.18

2. Transactions that cause changes of the Group's equity interests in subsidiaries but do not result in loss of control

(1) Significant changes of the Group's equity interests in subsidiaries

In 2023, the Group further acquired 6.20% and 6.20% equity interests from the minority shareholders of Banner Dairy and Banner Animal Husbandry, respectively, at a total consideration of RMB146,587,890.35. The difference of RMB88,319,754.60 between the consideration paid and the non-controlling interests acquired was recognised in capital reserve.

In 2024, the Group further acquired a 14.54% equity interests in Leshi Dairy from its minority shareholders at a total consideration of RMB82,900,807.00. The difference of RMB57,092,487.54 between the consideration paid and the non-controlling interests acquired was recognised in capital reserve. In 2024, the minority shareholders of Sikeqi Hebei, the Group's subsidiary, exercised their put option, and the Group further acquired a 10.00% equity interests in Sikeqi Hebei. The repurchase obligation had already been accounted for as other current liabilities as at 31 December 2023.

In 2025, the Group further acquired 41.47% equity interests in Baixiang Junchuang from its minority shareholders, at a total consideration of RMB8,468,900.00. The difference of RMB1,151,983.02 between the consideration paid and the non-controlling interests acquired was recognised in capital reserve. In 2025, the Group's subsidiary, Xinxiang Leyuan, introduced a minority shareholder who contributed capital in cash amounting to RMB105,000,000.00. The difference of RMB2,367,859.82 in the net assets attributable to the Group before and after the absorption of the minority interest is credited to capital reserve.

(2) Impact of transactions on non-controlling interests and owners' equity attributable to owners of the Company

2023

RMB

	Banner Dairy	Banner Animal Husbandry	Others	Total
Consideration	118,518,162.49	28,069,727.86	31,997,661.23	178,585,551.58
– Cash	118,518,162.49	28,069,727.86	31,997,661.23	178,585,551.58
Less: Share of net assets in subsidiaries based on the interests acquired	37,379,198.37	20,888,937.38	20,522,116.78	78,790,252.53
Differences	81,138,964.12	7,180,790.48	11,475,544.45	99,795,299.05
Including: Adjustment to capital reserve	81,138,964.12	7,180,790.48	11,475,544.45	99,795,299.05

2024

RMB

	Leshi Dairy	Sikeqi Hebei	Total
Consideration	82,900,807.00	–	82,900,807.00
– Cash	82,900,807.00	–	82,900,807.00
Less: Share of net assets in subsidiaries based on the interests acquired	25,808,319.46	5,427,535.24	31,235,854.70
Differences	57,092,487.54	(5,427,535.24)	51,664,952.30
Including: Adjustment to capital reserve	57,092,487.54	(5,427,535.24)	51,664,952.30

2025

RMB

	Baixiang Junchuang
Consideration	8,468,900.00
– Cash	8,468,900.00
Less: Share of net assets in subsidiaries based on the interests acquired	9,620,883.02
Differences	(1,151,983.02)
Including: Adjustment to capital reserve	(1,151,983.02)

Six months ended 30 June 2025 (Unaudited)

RMB

	Baixiang Junchuang
Consideration	8,468,900.00
– Cash	8,468,900.00
Less: Share of net assets in subsidiaries based on the interests acquired	9,620,883.02
Differences	(1,151,983.02)
Including: Adjustment to capital reserve	(1,151,983.02)

3. Interests in associates/joint venture

(1) Significant associate/joint venture

Name of the associate/joint venture	Principal place of operation	Place of registration	Nature of business	Equity interests proportion (%)		Accounting treatments for investments in associate/joint venture
				Direct	Indirect	
Mopai Group	Shanghai	Shanghai	Catering	–	42.86	Equity method
Junhong Animal Husbandry	Hebei	Hebei	Dairy farming	–	45.00	Equity method
Junkang Animal Husbandry	Hebei	Hebei	Dairy farming	–	45.00	Equity method

(2) Key financial information of significant associate/joint venture

For the period from 1 January 2023 to 30 June 2026

RMB

	Balance as at 31 December 2023 and amount incurred from the acquisition date to 31 December 2023	Balance as at 31 December 2024 and amount incurred in 2024	Balance as at 31 December 2025 and amount incurred in 2025	Balance as at 30 June 2026 and amount incurred in the six months ended 30 June 2026
	Mopai Group	Mopai Group	Mopai Group	Mopai Group
Current assets	192,960,961.64	112,696,963.77	125,093,460.94	151,368,744.09
Non-current assets	226,794,430.30	231,696,709.73	248,311,948.54	304,504,315.18
Total assets	419,755,391.94	344,393,673.50	373,405,409.48	455,873,059.27
Current liabilities	198,488,984.90	112,454,043.16	162,335,310.90	222,632,608.22
Non-current liabilities	54,250,000.00	58,970,020.54	68,355,046.38	67,536,745.07
Total liabilities	252,738,984.90	171,424,063.70	230,690,357.28	290,169,353.29
Net assets	167,016,407.04	172,969,609.80	142,715,052.20	165,703,705.98
Non-controlling interests	–	–	–	–
Net assets attributable to owners of the Company	167,016,407.04	172,969,609.80	142,715,052.20	165,703,705.98
Share of net assets calculated based on equity interests proportion	50,104,922.11	51,890,882.94	61,167,671.37	71,020,608.38

	Balance as at 31 December 2023 and amount incurred from the acquisition date to 31 December 2023	Balance as at 31 December 2024 and amount incurred in 2024	Balance as at 31 December 2025 and amount incurred in 2025	Balance as at 30 June 2026 and amount incurred in the six months ended 30 June 2026
	Mopai Group	Mopai Group	Mopai Group	Mopai Group
Adjustments				
– Goodwill	156,673,922.44	156,673,922.44	156,673,922.44	156,673,922.44
– Provision for impairment	–	(60,000,000.00)	(60,000,000.00)	(60,000,000.00)
– Others	1,463,439.41	1,463,439.41	1,463,439.41	1,463,439.41
Carrying amount of equity investments in associate	208,242,283.96	150,028,244.79	159,305,033.22	169,157,970.23
Revenue	55,983,940.31	579,873,159.36	583,675,793.44	433,672,134.93
Net (loss) profit	(5,859,053.48)	5,953,202.77	32,755,961.42	22,988,653.78
Other comprehensive income	–	–	–	–
Total comprehensive (loss) income	(5,859,053.48)	5,953,202.77	32,755,961.42	22,988,653.78
Dividends received from associates for the year/period	–	–	–	–

For the period from 1 January 2025 to 30 June 2026

RMB

	Balance as at 31 December 2025 and amount incurred in 2025	Balance as at 31 December 2025 and amount incurred in 2025	Balance as at 30 June 2026 and amount incurred in the six months ended 30 June 2026	Balance as at 30 June 2026 and amount incurred in the six months ended 30 June 2026
	Junhong Animal Husbandry	Junkang Animal Husbandry	Junhong Animal Husbandry	Junkang Animal Husbandry
Current assets	155,508,949.83	210,657,239.78	153,367,228.67	188,057,086.55
Non-current assets	458,824,138.84	501,582,215.53	465,827,435.25	496,584,672.85
Total assets	614,333,088.67	712,239,455.31	619,194,663.92	684,641,759.40
Current liabilities	43,035,755.97	138,964,389.76	21,808,481.16	92,225,257.35
Non-current liabilities	144,929,588.76	121,453,700.70	145,316,760.72	105,272,126.16
Total liabilities	187,965,344.73	260,418,090.46	167,125,241.88	197,497,383.51

	Balance as at 31 December 2025 and amount incurred in 2025	Balance as at 31 December 2025 and amount incurred in 2025	Balance as at 30 June 2026 and amount incurred in the six months ended 30 June 2026	Balance as at 30 June 2026 and amount incurred in the six months ended 30 June 2026
	Junhong Animal Husbandry	Junkang Animal Husbandry	Junhong Animal Husbandry	Junkang Animal Husbandry
Net assets	426,367,743.94	451,821,364.85	452,069,422.04	487,144,375.89
Non-controlling interests	–	–	–	–
Net assets attributable to owners of the Company	426,367,743.94	451,821,364.85	452,069,422.04	487,144,375.89
Share of net assets calculated based on equity interests proportion	191,865,484.77	203,319,614.18	203,431,239.92	219,214,969.15
Adjustments				
– Goodwill	–	–	–	–
– Provision for impairment	–	–		
– Others	(7,384,148.90)	(11,983,736.44)	(7,384,148.90)	(11,983,736.44)
Carrying amount of equity investments in associate	184,481,335.87	191,335,877.74	196,047,091.02	207,231,232.71
Revenue	303,981,641.58	407,408,995.54	155,800,074.87	193,415,964.52
Net profit	58,615,004.53	86,080,795.44	25,701,678.10	35,323,011.04
Other comprehensive income	–	–	–	–
Total comprehensive income	58,615,004.53	86,080,795.44	25,701,678.10	35,323,011.04
Dividends received from associates for the year/period	22,500,000.00	–	–	–

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Financial instruments of the Group mainly include cash at bank and on hand, derivative financial assets, accounts receivable, bills receivable, other receivables, long-term receivables, investments in other equity instruments, derivative financial liabilities, accounts payable, bills payable, other payables, long-term payables, short-term borrowings, long-term borrowings and other current liabilities — obligation to repurchase non-controlling interests, etc. Details of these financial instruments are disclosed in Note (VI). The risks arising from such financial instruments and risk management policies adopted by the Group to minimize such risks are summarised below. The management of the Group manages and monitors these exposures to ensure that the above risks are kept within limits.

The Group adopts sensitivity analysis technique to analyse how the profit or loss for the current period or shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's principal activities are denominated and settled in RMB. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Cash at bank and on hand – USD	1,177,403.26	44,227.42	4,916,432.56	3,511,564.64
Cash at bank and on hand – HKD	–	1,356,899.38	1,186,163.12	6,425,803.42
Cash at bank and on hand – SGD	–	–	–	226,738.02
Other current assets – USD	–	–	3,954,552.67	5,456,179.56
Other payables – USD	–	–	5,337,406.20	229,910.73
Long-term borrowings – USD	754,971,691.27	–	–	–

Sensitivity analysis on currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the current period and owners' equity:

RMB

		2023		2024		2025		Six months ended 30 June 2026	
Items	Changes in exchange rate	Effect on total profit	Effect on owners' equity	Effect on total profit	Effect on owners' equity	Effect on total profit	Effect on owners' equity	Effect on total profit	Effect on owners' equity
USD	5% appreciation against RMB	(37,689,714.40)	(37,689,714.40)	2,211.37	2,211.37	176,678.95	176,678.95	436,891.67	436,891.67
USD	5% depreciation against RMB	37,689,714.40	37,689,714.40	(2,211.37)	(2,211.37)	(176,678.95)	(176,678.95)	(436,891.67)	(436,891.67)
HKD	5% appreciation against RMB	–	–	67,844.97	67,844.97	59,308.16	59,308.16	321,290.17	321,290.17
HKD	5% depreciation against RMB	–	–	(67,844.97)	(67,844.97)	(59,308.16)	(59,308.16)	(321,290.17)	(321,290.17)
SGD	5% appreciation against RMB	–	–	–	–	–	–	11,336.90	11,336.90
SGD	5% depreciation against RMB	–	–	–	–	–	–	(11,336.90)	(11,336.90)

Note: The impact of the above exchange rate changes has taken into account the effect of the forward foreign exchange contracts held by the Group.

1.1.2 Interest rate risk — risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate short-term borrowings and long-term borrowings. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group's long-term borrowings bearing interest at floating rates and short-term borrowings under revolving credit facilities amounted to RMB6,234,913,065.03, RMB7,097,085,588.72, RMB7,808,812,704.83 and RMB8,224,971,034.84, respectively. The Group continues to closely monitor the impact of interest rate changes on the Group's interest rate risk.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the current period and owners' equity:

RMB

		2023		2024		2025		Six months ended 30 June 2026	
Items	Changes in exchange rate	Effect on total profit	Effect on owners' equity	Effect on total profit	Effect on owners' equity	Effect on total profit	Effect on owners' equity	Effect on total profit	Effect on owners' equity
Bank borrowings.	Increase 50 base points	(31,174,565.33)	(31,174,565.33)	(35,485,427.94)	(35,485,427.94)	(39,044,063.52)	(39,044,063.52)	(20,562,427.59)	(20,562,427.59)
Bank borrowings.	Decrease 50 base points	31,174,565.33	31,174,565.33	35,485,427.94	35,485,427.94	39,044,063.52	39,044,063.52	20,562,427.59	20,562,427.59

The above sensitivity analysis assumes that interest rate changes occurred on 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, and the interest rate risk exposure is determined based on borrowings existing on those respective dates.

The impact of the above interest rate changes has taken into account the effect of the interest rate swap contracts held by the Group.

1.1.3 Interest rate risk — risk of changes in fair value

The Group's risk of changes in fair value of financial instruments due to changes in interest rates relates primarily to fixed-rate financial assets and financial liabilities, including other receivables — third-party loan receivables, long-term receivables, fixed-rate short-term and long-term borrowings, non-current liabilities due within one year, lease liabilities and long-term payables (as detailed in Note (VI) 6, 9, 22, 31, 29, 32 and 33). The Group's objective is to maintain an appropriate mix of fixed and floating rate instruments to manage interest rate risk, and to use derivatives such as interest rate swap contracts as appropriate for managing interest rate risk.

1.1.4 Other price risk

The Group's price risk mainly arises from the investment in derivative financial instruments and investments in other equity instruments. The Group reduces the price risk associated with investment in equity instruments by holding multiple equity securities portfolios.

1.2 Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to the failure of counterparties to fulfil an obligation, including the carrying amount of the financial assets recognised in the balance sheet of the Group.

In order to minimise the credit risk, the Group has special personnels for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recovery of the financial assets at each balance sheet date to ensure that adequate impairment provision is provided for relevant financial assets.

The credit risk on cash at bank and on hand is limited because they are only deposited with banks with high credit ratings.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, details of the Group's accounts receivable from the top five customers and other receivables from the top five debtors are set out in Note (VI) 4 and Note (VI) 6, respectively. Apart from these, the Group had no other significant concentration of credit risk.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for non-derivative financial liabilities and lease liabilities held by the Group which is based on undiscounted remaining contractual obligations:

31 December 2023

RMB

Items	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	Total
Accounts payable	2,561,563,218.03	–	–	–	2,561,563,218.03
Bills payable	277,266,483.87	–	–	–	277,266,483.87
Other payables	1,962,209,805.08	–	–	–	1,962,209,805.08
Other current liabilities	137,450,000.00	–	–	–	137,450,000.00
Lease liabilities (including due within one year)	75,438,088.87	69,158,604.18	160,064,953.31	279,844,143.14	584,505,789.50
Long-term payables (including due within one year)	32,021,174.39	80,127,318.97	54,316,403.90	62,592,843.19	229,057,740.45
Short-term borrowings	1,975,353,210.14	–	–	–	1,975,353,210.14
Long-term borrowings (including due within one year)	1,608,720,760.91	3,587,893,770.97	2,372,960,796.66	825,405,652.86	8,394,980,981.40

31 December 2024

RMB

Items	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	Total
Accounts payable	2,644,091,191.26	–	–	–	2,644,091,191.26
Bills payable	359,124,802.69	–	–	–	359,124,802.69
Other payables	1,543,445,020.79	–	–	–	1,543,445,020.79
Other current liabilities	127,400,000.00	–	–	–	127,400,000.00
Lease liabilities (including due within one year)	66,272,254.14	40,245,327.00	131,772,579.32	241,140,742.13	479,430,902.59
Long-term payables (including due within one year)	71,880,621.69	18,580,592.46	31,698,464.69	91,952,490.65	214,112,169.49
Short-term borrowings	2,282,025,233.63	–	–	–	2,282,025,233.63
Long-term borrowings (including due within one year)	2,456,672,290.59	1,515,795,521.58	3,462,314,698.55	330,522,197.09	7,765,304,707.81

31 December 2025

RMB

Items	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	Total
Accounts payable	3,093,064,532.79	–	–	–	3,093,064,532.79
Bills payable	215,239,143.74	–	–	–	215,239,143.74
Other payables	1,496,889,398.90	–	–	–	1,496,889,398.90
Other current liabilities	126,774,456.00	–	–	–	126,774,456.00
Lease liabilities (including due within one year)	59,985,697.17	51,131,251.04	126,027,313.87	241,683,722.20	478,827,984.28
Long-term payables (including due within one year)	9,690,000.00	6,090,000.00	18,270,000.00	74,300,000.00	108,350,000.00
Short-term borrowings	1,811,049,745.72	–	–	–	1,811,049,745.72
Long-term borrowings (including due within one year)	1,469,746,958.29	3,368,935,116.16	3,824,753,909.72	190,379,450.73	8,853,815,434.90

30 June 2026

RMB

Items	Within 1 year (inclusive)	1-2 years (inclusive)	2-5 years (inclusive)	Over 5 years	Total
Accounts payable	2,240,377,439.01	–	–	–	2,240,377,439.01
Bills payable	2,389,929.27	–	–	–	2,389,929.27
Other payables	1,474,490,043.72	–	–	–	1,474,490,043.72
Other current liabilities	125,339,662.65	–	–	–	125,339,662.65
Lease liabilities (including due within one year)	57,499,778.78	53,299,750.80	121,668,733.15	232,395,792.44	464,864,055.17
Long-term payables (including due within one year)	9,690,000.00	6,090,000.00	16,570,000.00	76,000,000.00	108,350,000.00
Short-term borrowings	2,232,772,899.90	–	–	–	2,232,772,899.90
Long-term borrowings (including due within one year)	1,057,209,989.03	4,778,999,271.55	2,635,604,176.15	194,296,908.22	8,666,110,344.95

(X) DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value

The Group's derivative financial assets/liabilities and investments in other equity instruments are measured at fair value at the end of each reporting period. The following table provides information on how the fair value of these financial assets/liabilities is determined.

RMB

	Fair value				
Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Fair value hierarchy
Derivative financial assets – Interest rate swap contracts	17,512,193.95	–	–	–	Level2
Derivative financial assets – Forward exchange contracts	7,314,950.63	–	–	–	Level2
Investments in other equity instruments – Inatural Bio-Tech	74,000,000.00	–	–	–	Level2
Investments in other equity instruments	13,249,750.00	94,649,750.00	94,649,750.00	85,459,750.00	Level3

2. Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorised within Level 2

RMB

	Fair value					
Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Valuation techniques	Key parameters
Derivative financial assets – Interest rate swap contracts	17,512,193.95	–	–	–	Discounted cash flow method	Observale value of contract-linked underlying
Derivative financial assets – Forward exchange contracts	7,314,950.63	–	–	–	Discounted cash flow method	Observale value of contract-linked underlying
Investments in other equity instruments – Inatural Bio-Tech (Note)	74,000,000.00	–	–	–	Recent transaction price	Recent transaction price

Note: In November 2023, the Group acquired a 4.93% equity interest in Inatural Bio-Tech. The consideration represented the fair value of the investment at the transaction date. As at 31 December 2023, given no material changes in the operating environment and operating results of Inatural Bio-Tech, management concluded that the fair value remained consistent with that at the transaction date.

3. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

RMB

	Fair value						Key parameters (Note)			
Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Valuation techniques	Key parameters	31 December 2023	31 December 2024	31 December 2025	30 June 2026
						(Note)				
Investments in other equity instruments – Mongolia Dairy Innovation	700,000.00	700,000.00	700,000.00	700,000.00	Market comparison approach	Price-to-Book Ratio	1.80	1.76	1.90	1.43

Items	Fair value				Valuation techniques	Key parameters	Key parameters (Note)			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026		*(Note)*	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Investments in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	3,359,750.00	3,359,750.00	3,359,750.00	Market comparison approach	Price-to-Book Ratio	0.63	0.56	0.56	0.46
Investments in other equity instruments – Dali Rural Commercial Bank	9,190,000.00	9,190,000.00	9,190,000.00	–	Market comparison approach	Price-to-Book Ratio	0.63	0.56	0.56	/
Investments in other equity instruments – Inatural Bio-Tech	–	81,400,000.00	81,400,000.00	81,400,000.00	Market comparison approach	Price-to-Earnings Ratio	–	33.41	42.82	40.12

Note: As at 31 December 2023, 2024, 2025 and 30 June 2026, an increase of 5% in the Price-to-Book Ratio or Price-to-Earnings Ratio used in isolation would result in an increase of approximately RMB662,000.00, RMB4,732,000.00, RMB4,732,000.00 and RMB4,558,000.00 in the fair value measurement of relevant investments, respectively and vice versa.

4. Reconciliation between the opening and closing balances of the assets that measured at recurring Level 3 fair value measurement

2023

RMB

Items	1 January, 2023	Transfer in/out of Level 3	Total losses or gains for the year		Purchase, issuance and settlement				31 December, 2023
			Recognised in other comprehensive income	Transfer to profit or loss for the year	Purchase	Issuance	Settlement	Other decreases	
Derivative financial assets	45,362,000.00	–	–	(45,362,000.00)	–	–	–	–	–
Derivative financial liabilities	(29,201,000.00)	–	–	29,201,000.00	–	–	–	–	–

Items	1 January, 2023	Transfer in/out of Level 3	Total losses or gains for the year: Recognised in other comprehensive income	Total losses or gains for the year: Transfer to profit or loss for the year	Purchase, issuance and settlement: Purchase	Purchase, issuance and settlement: Issuance	Purchase, issuance and settlement: Settlement	Purchase, issuance and settlement: Other decreases	31 December, 2023
Investment in other equity instruments – Mongolia Dairy Innovation	700,000.00	–	–	–	–	–	–	–	700,000.00
Investment in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	–	–	–	–	–	–	–	3,359,750.00
Investment in other equity instruments – Dali Rural Commercial Bank	–	–	–	–	9,190,000.00	–	–	–	9,190,000.00
Investment in other equity instruments – Inatural Bio-Tech	–	–	–	–	74,000,000.00	–	–	–	74,000,000.00
Investment in other equity instruments – Lesson Dairy	40,349,000.00	–	(1,755,000.00)	–	–	–	(38,594,000.00)	–	–

2024

RMB

Items	1 January, 2024	Transfer in/out of Level 3	Total losses or gains for the year: Recognised in other comprehensive income	Total losses or gains for the year: Transfer to profit or loss for the year	Purchase, issuance and settlement: Purchase	Purchase, issuance and settlement: Issuance	Purchase, issuance and settlement: Settlement	Purchase, issuance and settlement: Other decreases	31 December, 2024
Investment in other equity instruments – Mongolia Dairy Innovation	700,000.00	–	–	–	–	–	–	–	700,000.00
Investment in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	–	–	–	–	–	–	–	3,359,750.00
Investment in other equity instruments – Dali Rural Commercial Bank	9,190,000.00	–	–	–	–	–	–	–	9,190,000.00
Investment in other equity instruments – Inatural Bio-Tech	74,000,000.00	–	7,400,000.00	–	–	–	–	–	81,400,000.00

2025

RMB

Items	1 January, 2025	Transfer in/out of Level 3	Total losses or gains for the year: Recognised in other comprehensive income	Total losses or gains for the year: Transfer to profit or loss for the year	Purchase, issuance and settlement: Purchase	Purchase, issuance and settlement: Issuance	Purchase, issuance and settlement: Settlement	Purchase, issuance and settlement: Other decreases	31 December, 2025
Investment in other equity instruments – Mongolia Dairy Innovation	700,000.00	–	–	–	–	–	–	–	700,000.00
Investment in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	–	–	–	–	–	–	–	3,359,750.00
Investment in other equity instruments – Dali Rural Commercial Bank	9,190,000.00	–	–	–	–	–	–	–	9,190,000.00
Investment in other equity instruments – Inatural Bio-Tech	81,400,000.00	–	–	–	–	–	–	–	81,400,000.00

Six months ended 30 June 2026

RMB

Items	1 January 2026	Transfer in/out of Level 3	Total losses or gains for the period: Recognised in other comprehensive income	Total losses or gains for the period: Transfer to profit or loss for the period	Purchase, issuance and settlement: Purchase	Purchase, issuance and settlement: Issuance	Purchase, issuance and settlement: Settlement	Purchase, issuance and settlement: Other decreases	30 June 2026
Investment in other equity instruments – Mongolia Dairy Innovation	700,000.00	–	–	–	–	–	–	–	700,000.00
Investment in other equity instruments – Luquan Rural Commercial Bank	3,359,750.00	–	–	–	–	–	–	–	3,359,750.00
Investment in other equity instruments – Dali Rural Commercial Bank	9,190,000.00	–	5,360,840.00	–	–	–	–	(14,550,840.00)	–
Investment in other equity instruments – Inatural Bio-Tech	81,400,000.00	–	–	–	–	–	–	–	81,400,000.00

5. Fair value of financial assets and financial liabilities not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the Historical Financial Information approximate their fair values.

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Major shareholders of the Company

Name of shareholders	Items		31 December 2023	31 December 2024	31 December 2025	30 June 2026
Mr. Wei Lihua . .	Equity interests proportion	Direct equity interests proportion	37.5431%	37.5431%	37.5431%	37.5431%
		Indirect equity interests proportion	7.4615%	7.4615%	12.1160%	12.1160%
		Total	45.0046%	45.0046%	49.6591%	49.6591%
		Proportion of voting rights	52.7831%	52.7831%	59.2623%	59.2623%

The ultimate controlling party of the Company is Mr. Wei Lihua, whose equity interests proportion is presented based on the proportion of registered capital.

In December 2025, Mr. Wei Lihua, the Company and all the relevant shareholders entered into a supplementary agreement to the original shareholders' agreement, pursuant to which: the redemption rights granted by Mr. Wei Lihua to certain pre-[**REDACTED**] investors have been suspended before the first filing of the [**REDACTED**] by the Company with the Stock Exchange, and will be terminated upon [**REDACTED**]. Neither the Company nor its subsidiaries have provided any guarantee in respect of the aforesaid redemption rights. Furthermore, as the Company and its subsidiaries are not the obligor to such redemption arrangement, the Group has not recognised any financial liabilities arising from the redemption rights granted by Mr. Wei Lihua.

2. Subsidiaries of the Company

Details of the Company's subsidiaries are set out in Note (VIII) interests in other entities.

3. Associates/joint venture of the Company

Please refer to Note (VI) 10 for associates/joint venture of the Group.

4. Other related parties having significant transactions with the Group are as follows:

Company	Related party relationship
Companies controlled by family members closely related to the ultimate controlling party of the Company *(Note 1)*	Legal entities directly or indirectly controlled by family members closely related to the ultimate controlling party of the Company

Note 1: The companies are controlled by family members closely related to the ultimate controlling party of the Company, mainly including Shijiazhuang Hetiande Trading Co., Ltd. (石家莊禾田德商貿有限公司) and Shijiazhuang Zhuangleizhenjiang Trading Co., Ltd. (石家莊磊真江商貿有限公司) and Shijiazhuang Zeijun Trading Co., Ltd (石家莊澤君商貿有限公司).

5. Related party transactions

(1) Purchase and sales of goods, receipt and rendering of services

Purchase of goods/receipt of services:

RMB

Related party	Details of related party transactions	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
					(Unaudited)	
Junkang Animal Husbandry	Purchase of goods	–	21,395,501.00	325,621,638.24	157,504,103.34	99,675,719.70
Junhong Animal Husbandry	Purchase of goods	–	19,831,064.00	163,483,047.50	78,757,008.40	84,598,665.30
Zhangjiakou Chia Tai	Purchase of goods	178,024,451.74	179,842,443.45	174,891,947.40	83,764,628.60	72,858,399.60
Haixing Junyi	Purchase of goods	–	72,410,542.25	80,405,136.91	35,980,170.50	48,185,350.27
Junyi Ermu	Purchase of goods	–	–	11,948,749.03	–	41,651,539.57
Junrui Animal Husbandry *(Note 1)*	Purchase of goods	10,983,134.40	17,222,299.26	28,488,599.20	14,458,677.30	13,136,883.20
Pinyuan Biotechnology	Purchase of goods	–	42,131,927.85	46,207,747.39	31,413,367.37	9,155,340.89
Junlebao Charity Foundation (河北省君樂寶公益基金會) *(Note 2)*	Donation expenditure	15,476,164.16	4,279,382.19	7,585,760.42	2,495,485.00	3,216,239.36
Shaanxi Aomeihui	Purchase of goods	–	–	–	–	727,910.20
Dali Yunhe	Purchase of goods	–	–	2,232,493.20	2,083,933.33	–
Sinong *(Note 3)*	Purchase of goods	16,006.03	–	–	–	–
Other	Receipt of services	–	–	36,083.46	–	12,027.82
Total		204,499,756.33	357,113,160.00	840,901,202.75	406,457,373.84	373,218,075.91

Note 1: Became an associate of the Group since September 2023.

Note 2: The Group's transaction with Junlebao Charity Foundation is an unconditional donation to the foundation.

Note 3: The Group's associate, in which the Group disposed of its corresponding equity in April 2023.

Sales of goods/rendering of services:

RMB

Related party	Details of related party transactions	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
					(Unaudited)	
Shanghai Mopai	Sales of goods	300,495.69	69,310,959.63	104,213,263.46	44,869,476.22	48,296,281.51
Companies controlled by family members closely related to the ultimate controlling party of the Company	Sales of goods	24,825,338.75	66,266,570.48	63,043,292.49	34,929,392.66	21,518,610.36
Henan Junlebao	Sales of goods	3,046,202.74	17,769,948.93	29,339,168.64	14,506,695.32	16,174,421.05
Shandong Junlebao	Sales of goods	723,814.51	10,071,218.96	15,532,179.40	7,379,852.08	9,039,237.22
Zhangjiakou Chia Tai	Sales of goods	–	11,581,734.40	17,258,853.11	7,103,566.49	7,850,475.57
Shanxi Junlebao	Sales of goods	–	14,823,667.90	10,606,021.91	6,613,275.84	5,592,772.90
Junrui Animal Husbandry	Sales of goods	3,068,019.08	1,902,488.94	8,180,931.16	3,471,560.93	3,921,095.99
Pinyuan Biotechnology	Sales of goods	–	7,821,269.15	4,681,386.60	3,287,442.31	2,185,656.65
Haixing Junyi	Sales of goods	31,565,850.68	9,449,286.49	7,179,118.22	5,034,045.99	1,682,599.26
Junyi Ermu	Sales of goods	2,989,970.66	18,707,366.95	6,437,628.64	2,592,896.55	1,524,047.83
Shanghai Mopai	Rendering of services	–	809,084.73	802,416.15	405,456.14	645,486.96
Haixing Junyi	Rendering of services	–	–	507,702.93	–	465,283.93
Zhangjiakou Chia Tai	Rendering of services	1,007,081.14	1,018,357.48	924,177.43	491,461.35	416,913.34
Junrui Animal Husbandry	Rendering of services	–	–	373,016.68	–	317,130.43
Junyi Ermu	Rendering of services	–	–	293,233.97	–	267,887.57
Jingze Supply Chain	Sales of goods	–	–	–	–	266,101.96
Pinyuan Biotechnology	Rendering of services	–	7,390,714.65	572,225.79	153,195.64	151,783.41
Dali Food	Sales of goods	–	51,032.77	84,907.43	37,633.22	2,017.96

Related party	Details of related party transactions	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
					(Unaudited)	
Junhong Animal Husbandry	Sales of goods	–	–	216,093.04	214,862.62	1,149.64
Junkang Animal Husbandry	Sales of goods	–	–	5,776.50	4,288.98	951.25
Directors, supervisor, and senior management personnel of the Group	Sales of properties	–	–	21,697,879.56	17,183,771.66	–
Family members who have a close relationship with the directors of the Group	Sales of properties	–	–	19,568,324.25	15,239,247.56	–
Beijing Junlebao	Sales of goods	–	5,267,224.87	1,388,063.16	986,274.92	–
Junlebao Charity Foundation	Sales of goods	–	–	410,975.81	–	–
Pinyuan Biology	Sales of assets	–	–	393,443.50	–	–
Shaanxi Aomeihui	Sales of goods	33,027.52	–	–	–	–
Total		67,559,800.77	242,240,926.33	313,710,079.83	164,504,396.48	120,319,904.79

(2) Leases from related parties

31 December 2025

The Group as the lessee

RMB

		Rent paid		Interest expense on lease liabilities		Increased right-of-use assets	
Lessor name	Types of leased assets	Amount for the period	Amount from the previous period	Amount for the period	Amount from the previous period	Amount for the period	Amount from the previous period
Dali Yunhe	Leased properties	3,924,000.00	–	2,343,334.31	–	–	73,977,618.49

30 June 2026

The Group as the lessee

RMB

Lessor name	Types of leased assets	Rent paid		Interest expense on lease liabilities		Increased right-of-use assets	
		Amount for the period	Amount from the previous period	Amount for the period	Amount from the previous period	Amount for the period	Amount from the previous period
Dali Yunhe . .	Leased properties	–	3,924,000.00	1,129,119.20	2,343,334.31	–	–

(3) Guarantees for related parties

31 December 2023

RMB

Guarantor	Guarantee	Balance of guarantee	Inception date of guarantee	Ending date of guarantee
Leyuan Animal Husbandry	Haixing Junyi	1,680,000.00	18/09/2023	18/08/2029
Leyuan Animal Husbandry	Haixing Junyi	11,240,000.00	06/01/2023	05/01/2028
Leyuan Animal Husbandry	Haixing Junyi	6,744,000.00	07/09/2023	07/09/2026
Real Estate Company . .	Tian Xiao *(Note 3)*	850,000.00	28/09/2023	27/09/2043
Real Estate Company . .	Liu Senyue *(Note 3)*	580,000.00	10/08/2023	10/08/2043

31 December 2024

RMB

Guarantor	Guarantee	Balance of guarantee	Inception date of guarantee	Ending date of guarantee
Leyuan Animal Husbandry	Haixing Junyi	1,680,000.00	18/09/2023	18/08/2029
Leyuan Animal Husbandry	Haixing Junyi	11,240,000.00	06/01/2023	05/01/2028
Leyuan Animal Husbandry	Haixing Junyi	6,744,000.00	07/09/2023	07/09/2026
The Company *(Note 1)* .	Junkang Animal Husbandry	48,000,000.00	11/09/2023	11/09/2028
The Company *(Note 1)* .	Junhong Animal Husbandry	23,000,000.00	28/09/2023	28/09/2028
Leyuan Animal Husbandry *(Note 2)* . .	Junkang Animal Husbandry	140,480,000.00	25/02/2020	22/02/2030
Real Estate Company . .	Tian Xiao *(Note 3)*	570,000.00	03/01/2024	02/01/2044
Real Estate Company . .	Tian Xiao	850,000.00	28/09/2023	27/09/2043
Real Estate Company . .	Liu Senyue *(Note 3)*	580,000.00	10/08/2023	10/08/2043

31 December 2025

RMB

Guarantor	Guarantee	Balance of guarantee	Inception date of guarantee	Ending date of guarantee
Leyuan Animal Husbandry .	Haixing Junyi	1,680,000.00	18/09/2023	18/08/2029
Leyuan Animal Husbandry .	Haixing Junyi	11,240,000.00	06/01/2023	05/01/2028
Leyuan Animal Husbandry .	Haixing Junyi	6,744,000.00	07/09/2023	07/09/2026
Junchuang Animal Husbandry	Junyi Ermu	19,250,000.00	24/01/2025	18/09/2030
Leyuan Animal Husbandry *(Note 2)*	Junkang Animal Husbandry	112,100,000.00	25/02/2020	22/02/2030
Real Estate Company	Tian Xiao *(Note 3)*	570,000.00	03/01/2024	02/01/2044
Real Estate Company	Tian Xiao	850,000.00	28/09/2023	27/09/2043
Real Estate Company	Liu Senyue *(Note 3)*	580,000.00	10/08/2023	10/08/2043

30 June 2026

RMB

Guarantor	Guarantee	Balance of guarantee	Inception date of guarantee	Ending date of guarantee
Leyuan Animal Husbandry .	Haixing Junyi	1,680,000.00	18/09/2023	18/08/2029
Leyuan Animal Husbandry .	Haixing Junyi	11,240,000.00	06/01/2023	05/01/2028
Leyuan Animal Husbandry .	Haixing Junyi	6,744,000.00	07/09/2023	07/09/2026
Junchuang Animal Husbandry	Junyi Ermu	19,250,000.00	24/01/2025	18/09/2030
Leyuan Animal Husbandry *(Note 2)*	Junkang Animal Husbandry	97,910,000.00	25/02/2020	22/02/2030

Note 1: As the other shareholder of Junhong Animal Husbandry and Junkang Animal Husbandry, Adopt Group has provided counter-guarantees according to its shareholding ratio of 49% since September 2023, and the counter-guarantee ratio was subsequently adjusted to 55% in February 2025.

Note 2: As the other shareholder of Junkang Animal Husbandry, Adopt Group has provided counter-guarantees according to its shareholding ratio of 49% since February 2020, and the counter-guarantee ratio was subsequently adjusted to 55% in February 2025.

Note 3: Tian Xiao is a senior management personnel of the Group, and Liu Senyue is a family member closely related to a director of the Group.

(4) Compensation for key management personnel

RMB

Related party	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
				(Unaudited)	
Compensation for key management personnel	49,571,850.32	60,469,598.32	57,529,633.55	27,840,603.40	26,079,110.41
Including: Equity-settled share-based payments	14,662,084.59	12,160,841.65	15,455,283.82	7,695,860.97	7,041,780.90

(5) Directors', supervisors' and chief executive's emoluments

Year ended 31 December 2023

RMB

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Executive directors							
Mr. Wei Lihua	–	2,455,455.22	4,237,126.75	35,791.01	6,728,372.98	2,746,773.39	9,475,146.37
Ms. Wu Wennan *(Note 1)*	–	72,210.37	199,502.53	2,981.28	274,694.18	118,977.07	393,671.25
Ms. Huang Yafang *(Note 2)*	–	95,307.57	662,856.97	2,981.28	761,145.82	119,176.38	880,322.20
Mr. Liu Senmiao	–	1,286,510.04	2,502,408.88	35,775.36	3,824,694.28	1,416,815.86	5,241,510.14
Mr. Wei Liqiang *(Note 3)*	–	308,036.14	370,148.60	34,386.08	712,570.82	626,909.67	1,339,480.49
Mr. Wang Shiwei *(Note 4)*	–	139,800.00	139,248.40	–	279,048.40	365,697.31	644,745.71
Mr. Jiang Shuwang *(Note 8)*	–	625,952.09	590,704.27	32,794.08	1,249,450.44	719,483.34	1,968,933.78
Subtotal	–	4,983,271.43	8,701,996.40	144,709.09	13,829,976.92	6,113,833.02	19,943,809.94
Non-executive directors *(Note 10)*							
Mr. Guo Zhenwei	–	–	–	–	–	–	–
Ms. Yang Ying	–	–	–	–	–	–	–
Mr. Lu Di *(Note 5)*	–	–	–	–	–	–	–
Mr. Feng Yue *(Note 5)*	–	–	–	–	–	–	–
Mr. Chen Shuo *(Note 6)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Independent directors							
Mr. Yang Wenjun *(Note 7)*	–	–	–	–	–	–	–
Mr. Liu Xiangdong *(Note 7)*	–	–	–	–	–	–	–
Ms. Wang Ying *(Note 7)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Supervisors							
Mr. Guo Jingfeng	–	385,726.66	421,930.35	35,775.36	843,432.37	84,632.81	928,065.18
Mr. Feng Dan *(Note 14)*	–	–	–	–	–	–	–
Mr. Jiang Shuwang *(Note 8)*	–	57,374.57	678,124.62	2,981.28	738,480.47	65,407.58	803,888.05
Mr. Su Lei *(Note 9)*	–	–	–	–	–	–	–
Subtotal	–	443,101.23	1,100,054.97	38,756.64	1,581,912.84	150,040.39	1,731,953.23
Total	–	5,426,372.66	9,802,051.37	183,465.73	15,411,889.76	6,263,873.41	21,675,763.17

Year ended 31 December 2024

RMB

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Executive directors							
Mr. Wei Lihua	–	2,653,805.51	9,102,430.11	92,468.45	11,848,704.07	2,202,534.51	14,051,238.58
Ms. Wu Wennan	–	864,085.74	2,617,219.05	5,962.56	3,487,267.35	1,025,498.50	4,512,765.85
Ms. Huang Yafang	–	1,141,947.92	3,257,286.22	37,637.28	4,436,871.42	1,025,498.50	5,462,369.92
Mr. Liu Senmiao	–	1,699,953.92	5,204,926.02	37,637.28	6,942,517.22	1,136,091.47	8,078,608.69
Subtotal	–	6,359,793.09	20,181,861.40	173,705.57	26,715,360.06	5,389,622.98	32,104,983.04
Non-executive directors							
Mr. Guo Zhenwei	–	–	–	–	–	–	–
Ms. Yang Ying	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent directors							
Mr. Yang Wenjun	250,000.00	–	–	–	250,000.00	–	250,000.00
Mr. Liu Xiangdong	250,000.00	–	–	–	250,000.00	–	250,000.00
Ms. Wang Ying	250,000.00	–	–	–	250,000.00	–	250,000.00
Subtotal	750,000.00	–	–	–	750,000.00	–	750,000.00

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Supervisors							
Mr. Guo Jingfeng	–	406,749.92	390,038.63	37,637.28	834,425.83	67,863.87	902,289.70
Mr. Feng Dan	–	–	–	–	–	–	–
Mr. Jiang Shuwang	–	899,949.92	1,479,900.65	37,637.28	2,417,487.85	1,265,897.36	3,683,385.21
Subtotal	–	1,306,699.84	1,869,939.28	75,274.56	3,251,913.68	1,333,761.23	4,585,674.91
Total	750,000.00	7,666,492.93	22,051,800.68	248,980.13	30,717,273.74	6,723,384.21	37,440,657.95

Year ended 31 December 2025

RMB

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Executive directors							
Mr. Wei Lihua	–	2,569,827.74	7,393,085.60	–	9,962,913.34	2,795,072.23	12,757,985.57
Ms. Wu Wennan	–	855,757.02	2,242,191.15	–	3,097,948.17	1,202,888.66	4,300,836.83
Ms. Huang Yafang *(Note 11)*	–	288,906.20	311,081.17	9,409.32	609,396.69	367,884.90	977,281.59
Mr. Liu Senmiao	–	1,704,281.33	2,706,213.51	38,465.28	4,448,960.12	1,723,121.66	6,172,081.78
Subtotal	–	5,418,772.29	12,652,571.43	47,874.60	18,119,218.32	6,088,967.45	24,208,185.77
Non-executive directors							
Mr. Guo Zhenwei	–	–	–	–	–	–	–
Ms. Yang Ying	–	–	–	–	–	–	–
Mr. Chen Shuo *(Note 12)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent directors							
Mr. Yang Wenjun	250,000.00	–	–	–	250,000.00	–	250,000.00
Mr. Liu Xiangdong	250,000.00	–	–	–	250,000.00	–	250,000.00
Ms. Wang Ying	250,000.00	–	–	–	250,000.00	–	250,000.00
Subtotal	750,000.00	–	–	–	750,000.00	–	750,000.00
Supervisors							
Mr. Guo Jingfeng *(Note 13)*	–	105,106.70	83,212.02	9,409.32	197,728.04	41,877.00	239,605.04
Mr. Feng Dan *(Note 14)*	–	–	–	–	–	–	–
Mr. Jiang Shuwang *(Note 15)*	–	228,406.70	202,459.53	9,409.32	440,275.55	306,567.44	746,842.99
Subtotal	–	333,513.40	285,671.55	18,818.64	638,003.59	348,444.44	986,448.03
Total	750,000.00	5,752,285.69	12,938,242.98	66,693.24	19,507,221.91	6,437,411.89	25,944,633.80

Six months ended 30 June 2025 (Unaudited)

RMB

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Executive directors							
Mr. Wei Lihua	–	1,286,228.54	3,655,646.83	–	4,941,875.37	1,394,081.26	6,335,956.63
Ms. Wu Wennan	–	428,758.02	1,123,777.38	–	1,552,535.40	600,240.53	2,152,775.93
Ms. Huang Yafang *(Note 11)*	–	288,906.20	311,081.17	9,409.32	609,396.69	367,884.90	977,281.59
Mr. Liu Senmiao	–	853,519.58	1,454,778.34	18,818.64	2,327,116.56	858,622.37	3,185,738.93
Subtotal	–	2,857,412.34	6,545,283.72	28,227.96	9,430,924.02	3,220,829.06	12,651,753.08
Non-executive directors							
Mr. Guo Zhenwei	–	–	–	–	–	–	–
Ms. Yang Ying	–	–	–	–	–	–	–
Mr. Chen Shuo *(Note 12)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent directors							
Mr. Yang Wenjun	120,000.00	–	–	–	120,000.00	–	120,000.00
Mr. Liu Xiangdong	120,000.00	–	–	–	120,000.00	–	120,000.00
Ms. Wang Ying	120,000.00	–	–	–	120,000.00	–	120,000.00
Subtotal	360,000.00	–	–	–	360,000.00	–	360,000.00
Supervisors							
Mr. Guo Jingfeng *(Note 13)*	–	105,106.70	83,212.02	9,409.32	197,728.04	41,877.00	239,605.04
Mr. Feng Dan *(Note 14)*	–	–	–	–	–	–	–
Mr. Jiang Shuwang *(Note 15)*	–	228,406.70	202,459.53	9,409.32	440,275.55	306,567.44	746,842.99
Subtotal	–	333,513.40	285,671.55	18,818.64	638,003.59	348,444.44	986,448.03
Total	360,000.00	3,190,925.74	6,830,955.27	47,046.60	10,428,927.61	3,569,273.50	13,998,201.11

Six months ended 30 June 2026

RMB

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Executive directors							
Mr. Wei Lihua	–	1,283,599.00	3,865,918.92	–	5,149,517.92	1,397,536.12	6,547,054.04
Ms. Wu Wennan	–	426,999.00	1,081,261.01	–	1,508,260.01	601,444.33	2,109,704.34
Mr. Liu Senmiao	–	850,717.74	1,198,453.25	19,232.64	2,068,403.63	861,560.83	2,929,964.46
Subtotal	–	2,561,315.74	6,145,633.18	19,232.64	8,726,181.56	2,860,541.28	11,586,722.84

Items	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonuses	Contributions to retirement benefit scheme	Subtotal	Share-based payment	Total
Non-executive directors							
Mr. Guo Zhenwei	–	–	–	–	–	–	–
Ms. Yang Ying	–	–	–	–	–	–	–
Mr. Chen Shuo	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent directors							
Mr. Yang Wenjun	120,000.00	–	–	–	120,000.00	–	120,000.00
Mr. Lau King Pak	120,000.00	–	–	–	120,000.00	–	120,000.00
Ms. Wang Ying	120,000.00	–	–	–	120,000.00	–	120,000.00
Subtotal	360,000.00	–	–	–	360,000.00	–	360,000.00
Total	360,000.00	2,561,315.74	6,145,633.18	19,232.64	9,086,181.56	2,860,541.28	11,946,722.84

Note 1: Ms. Wu Wennan was appointed as a director of the Company on 11 December 2023. The above-mentioned remuneration refers to the compensation paid to Ms. Wu Wennan during her tenure as an executive director of the Company.

Note 2: Ms. Huang Yafang was appointed as a director of the Company on 11 December 2023. The above-mentioned remuneration refers to the compensation paid to Ms. Huang Yafang during her tenure as an executive director of the Company.

Note 3: Mr. Wei Liqiang resigned from his position as an executive director of the Company on 10 December 2023.

Note 4: Mr. Wang Shiwei resigned from his position as an executive director of the Company on 24 July 2023.

Note 5: Mr. Lu Di and Mr. Feng Yue served as non-executive directors of the Company from July 2023 to December 2023.

Note 6: Mr. Chen Shuo resigned from his position as a non-executive director of the Company on 10 December 2023.

Note 7: Mr. Yang Wenjun, Mr. Liu Xiangdong, and Ms. Wang Ying have served as independent directors of the Company since 11 December 2023. Mr. Yang Wenjun and Ms. Wang Ying were re-designated as independent non-executive directors in January 2026 and Mr. Liu Xiangdong was resigned from his position as an independent director of the Company in January 2026.

Note 8: Mr. Jiang Shuwang resigned from his position as an executive director of the Company on 10 December 2023, and has been appointed as a supervisor of the Company starting from 11 December 2023.

Note 9: Mr. Su Lei resigned from his position as a supervisor of the Company on 10 December 2023. The supervisor is appointed by a shareholder of the Company, and the Company does not bear any remuneration to him.

Note 10: Non-executive directors and the supervisor are appointed by the shareholders of the Company, and the Company does not bear any remuneration to them.

Note 11: Ms. Huang Yafang resigned as a director of the Company on 17 March 2025. The above-mentioned remuneration refers to the compensation paid to Ms. Huang Yafang during her tenure as an executive director of the Company.

Note 12: Mr. Chen Shuo became a non-executive director of the Company since 17 March 2025.

Note 13: Mr. Guo Jingfeng resigned as a supervisor of the Company on 17 March 2025. The above-mentioned remuneration refers to the salary paid to Mr. Guo Jingfeng during his tenure as a supervisor of the Company.

Note 14: Mr. Feng Dan resigned as a supervisor of the Company on 17 March 2025. He is an external supervisor appointed by the shareholder, and the Company does not provide any remuneration to him.

Note 15: Mr. Jiang Shuwang resigned as a supervisor of the Company on 17 March 2025. The remuneration mentioned above refers to the compensation paid to Mr. Jiang Shuwang during his tenure as a supervisor of the Company.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

(6) Five highest paid employees

The number of directors, supervisors, and other employees among the five highest-paid individuals are as follows:

Items	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
				(Unaudited)	
Directors, supervisors	2	2	2	2	2
Except for directors or supervisors	3	3	3	3	3
Total	5	5	5	5	5

The total remuneration of individuals other than directors or supervisors among the five highest-paid persons are as follows:

Items	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
				(Unaudited)	
Salaries, allowance and benefits in kind	2,496,657.20	4,106,651.24	3,263,732.39	1,612,550.12	1,637,793.42
Performance related bonuses	9,250,739.25	9,889,880.63	8,594,406.34	4,223,404.01	4,513,024.15
Contributions to retirement benefit scheme	35,775.36	67,639.84	90,731.52	39,684.24	53,611.20
Subtotal	11,783,171.81	14,064,171.71	11,948,870.25	5,875,638.37	6,204,428.77
Share-based payment	3,800,075.68	3,275,030.39	4,630,136.17	2,317,139.27	2,328,010.51
Total	15,583,247.49	17,339,202.10	16,579,006.42	8,192,777.64	8,532,439.28

The highest remuneration range for personnel other than directors or supervisors is as follows:

Items	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
				(Unaudited)	
2,000,001 HKD to 2,500,000 HKD	–	–	–	–	–
2,500,001 HKD to 3,000,000 HKD	–	–	–	2	2
3,000,001 HKD to 3,500,000 HKD	–	–	–	1	–
5,000,001 HKD to 5,500,000 HKD	1	–	–	–	1
5,500,001 HKD to 6,000,000 HKD	1	–	2	–	–
6,000,001 HKD to 6,500,000 HKD	1	3	–	–	–
6,500,001 HKD to 7,000,000 HKD	–	–	1	–	–
Total	3	3	3	3	3

(7) Financing with related parties

Interest expenses

RMB

Related party	2023	2024	2025	Six months ended 30 June 2025	Six months ended 30 June 2026
				(Unaudited)	
Wang Jiachun *(Note 1)*	666,700.00	–	–	–	–
He Handong *(Note 1)*	666,700.00	–	–	–	–
Total	1,333,400.00	–	–	–	–

Borrowed from

RMB

Related party	Amount	Inception date	Maturity date
Wang Jiachun	6,000,000.00	13/9/2017	6/12/2023
Wang Jiachun	2,850,000.00	2/7/2018	20/12/2023
He Handong	6,000,000.00	13/9/2017	20/12/2023
He Handong	2,850,000.00	3/7/2018	20/12/2023
Wei Lihua	12,161,040.00	20/4/2016	9/1/2023
Wei Lihua	6,830,739.00	9/3/2017	9/1/2023
Wei Lihua	3,980,000.00	21/4/2017	9/1/2023
Hongqi Dairy Products Factory *(Note 2)*	2,492,710.00	9/3/2017	9/1/2023
Hongqi Dairy Products Factory	1,885,798.00	21/4/2017	9/1/2023

Lent to

Related party	Amount	Inception date	Maturity date
Hongqi Dairy Products Factory	60,000,000.00	28/6/2023	28/8/2023

Note 1: Wang Jiachun and He Handong are family members closely related to a director of this Group.

Note 2: Hongqi Dairy Products Factory was a shareholder which has significant influence on the Group prior to the disposal of the Group's equity interest in 2023. The Group actually received in advance a total amount of RMB60,056,445.00 from Hongqi Dairy Products Factory on 7 July 2023, comprising principal and interest.

(8) Equity transactions

Details of related party transactions	Date of transaction	Acquirer	Seller	Proportion of equity interest	Amount of transaction (tax-inclusive)	Subject matter of the transaction
Sale of equity to related parties	December 2023	Zhuhai Hengqin Lehuiruisheng *(Note 1)*	Leyuan Animal Husbandry	33.25%	14,227,100.00	Pinyuan Biotechnology
Purchase of equity in a subsidiary from a related party	April 2023	the Company	Wei Liqiang	0.56%	10,696,797.02	Banner Dairy
Purchase of equity in a subsidiary from a related party	April 2023	the Company	Wang Shiwei	1.09%	20,811,554.40	Banner Dairy
Purchase of equity in a subsidiary from a related party	April 2023	the Company	Wei Liqiang	0.56%	2,533,427.04	Banner Animal Husbandry
Purchase of equity in a subsidiary from a related party	April 2023	the Company	Wang Shiwei	1.09%	4,928,970.22	Banner Animal Husbandry

Details of related party transactions	Date of transaction	Acquirer	Seller	Proportion of equity interest	Amount of transaction (tax-inclusive)	Subject matter of the transaction
Purchase of equity in a subsidiary from a related party	October 2023	the Company	Shijiazhuang Runde Zhiying Enterprise Management Center (Limited Partnership) (formerly known as Zhuhai Hengqin Runde Zhiying Enterprise Management Center (Limited Partnership)) ("Zhuhai Hengqin Runde Zhiying") *(Note 1)*	10.29%	10,285,362.00	Sikeqi Hebei
Purchase of equity in a subsidiary from a related party	October 2023	the Company	Shijiazhuang Baichuan Guangzhi Enterprise Management Center (Limited Partnership)(formerly known as Zhuhai Hengqin Baichuan Guangzhi Enterprise Management Center (Limited Partnership)) ("Zhuhai Hengqin Baichuan Guangzhi") *(Note 1)*	1.37%	1,371,348.00	Sikeqi Hebei
Purchase of equity in a subsidiary from a related party	December 2023	the Company	Zhuhai Hengqin Runde Zhiying *(Note 1)*	0.86%	857,119.65	Sikeqi Hebei
Purchase of equity in a subsidiary from a related party	December 2023	the Company	Wang Jiachun	14.70%	13,116,767.00	Real Estate Company
Purchase of equity in a subsidiary from a related party	December 2023	the Company	He Handong	14.70%	13,116,767.00	Real Estate Company
Purchase of equity in a subsidiary from a related party	October 2024	the Company	Wei Liqiang *(Note 2)*	13.61%	77,576,430.00	Leshi Dairy
Purchase of equity in a subsidiary from a related party	October 2024	the Company	Shijiazhuang Baichuan Guangzhi No. 5 Enterprise Management Center (Limited Partnership) (formerly known as Zhuhai Hengqin Baichuan Guangzhi No. 5 Enterprise Management Center (Limited Partnership)) ("Zhuhai Hengqin Baichuan Guangzhi No. 5") *(Note 1)*	0.93%	5,324,377.00	Leshi Dairy
Purchase of equity in a subsidiary from a related party	November 2023	the Company	Hongqi Dairy Products Factory	49.00%	994,700.00	Hebei Guanwei

Note 1: Zhuhai Hengqin Lehuiruisheng, Zhuhai Hengqin Runde Zhiying, Zhuhai Hengqin Baichuan Guangzhi and Zhuhai Hengqin Baichuan Guangzhi No. 5 are legal entities controlled by Wei Lihua, the controlling shareholder and actual controller of the Group.

Note 2: Wei Liqiang is a family member closely related to the ultimate controlling party of the Company.

6. Amounts due from/to related parties

(1) Trade-nature receivables from related parties

RMB

Items	Related party	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Accounts receivable	Shanghai Mopai	325,928.20	7,783,918.50	4,330,295.40	8,382,297.60
Accounts receivable	Haixing Junyi	19,427,472.77	3,750,823.75	3,480,859.43	3,701,886.14
Accounts receivable	Zhangjiakou Chia Tai	211,861.89	3,342,128.11	2,917,627.63	3,479,054.84
Accounts receivable	Junyi Ermu	2,988,666.99	1,203,035.00	3,313,569.25	2,765,702.19
Accounts receivable	Junrui Animal Husbandry	3,580,711.55	1,508,446.83	2,355,286.70	1,884,319.26
Accounts receivable	Pinyuan Biotechnology	192,715.70	8,094,449.76	639,390.45	1,225,652.75
Accounts receivable	Junhong Animal Husbandry	–	–	212.41	210.01
Accounts receivable	Junkang Animal Husbandry	–	–	531.03	–
Accounts receivable	Credit loss allowance	(287,193.67)	(392,263.57)	(270,900.58)	(428,782.46)
	Subtotal	26,440,163.43	25,290,538.38	16,766,871.72	21,010,340.33
Other receivables	Junyi Ermu	49,760.67	12,996,500.00	4,919,500.00	6,983,361.39
Other receivables	Pinyuan Biotechnology	183,185.07	2,953,936.41	40,607.87	635,992.80
Other receivables	Haixing Junyi	5,775,400.00	–	49,835.28	49,835.28
Other receivables	Shanghai Mopai	–	131,402.50	–	–
Other receivables	Zhangjiakou Chia Tai	–	77,757.02	–	–
Other receivables	Junrui Animal Husbandry	11,627.90	11,627.90	–	–
Other receivables	Credit loss allowance	(144,027.87)	(391,747.90)	(121,365.87)	(196,139.53)
	Subtotal	5,875,945.77	15,779,475.93	4,888,577.28	7,473,049.94
Prepayments	Pinyuan Biotechnology	64,221.35	–	309,070.00	394,600.00
Prepayments	Junrui Animal Husbandry	40,318.50	–	–	–
	Subtotal	104,539.85	–	309,070.00	394,600.00
	Total	32,420,649.05	41,070,014.31	21,964,519.00	28,877,990.27

(2) Trade-nature payables to related parties

RMB

Items	Related party	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Accounts payable	Junkang Animal Husbandry	–	42,843,168.40	56,802,211.90	33,908,708.30
Accounts payable	Junhong Animal Husbandry	–	34,948,249.27	35,096,595.97	28,553,805.47
Accounts payable	Zhangjiakou Chia Tai	21,442,412.53	16,831,340.00	16,742,780.20	18,794,521.25
Accounts payable	Junyi Ermu	–	–	3,969,907.11	12,904,753.77
Accounts payable	Haixing Junyi	–	10,424,978.80	17,160,002.10	11,898,980.60
Accounts payable	Pinyuan Biotechnology	12,250,735.95	10,390,183.16	5,933,836.75	7,783,349.64
Accounts payable	Junrui Animal Husbandry	835,701.50	3,083,941.00	4,515,178.60	1,903,276.80
Accounts payable	Dali Yunhe	–	–	2,232,493.20	–
	Subtotal	34,528,849.98	118,521,860.63	142,453,005.83	115,747,395.83
Other payables	Junyi Ermu	–	–	6,966,320.50	10,131,642.09
Other payables	Haixing Junyi	–	6,730,453.25	7,175,406.51	8,405,444.05
Other payables	Companies controlled by family members closely related to the ultimate controlling party of the Company	110,000.00	120,000.00	250,000.00	300,000.00
Other payables	Pinyuan Biotechnology	–	10,010,793.86	126,660.00	198,019.00
Other payables	Shanxi Junlebao	–	110,000.00	100,000.00	102,500.00
Other payables	Henan Junlebao	100,000.00	100,000.00	100,000.00	100,000.00
Other payables	Shandong Junlebao	100,000.00	100,000.00	100,000.00	100,000.00
Other payables	Jingze Supply Chain	–	–	–	30,000.00
Other payables	Dali Yunhe	–	–	100,000.00	–
Other payables	Junlebao Charity Foundation	–	–	7,620.00	–
Other payables	Junrui Animal Husbandry	–	2,244,153.80	494,153.80	–
Other payables	Junkang Animal Husbandry	–	4,524,276.21	–	–
Other payables	Beijing Junlebao	–	100,000.00	–	–
Other payables	Other	–	50,000.00	27,087.82	–
	Subtotal	310,000.00	24,089,677.12	15,447,248.63	19,367,605.14

Items	Related party	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Contract liabilities . .	Companies controlled by family members closely related to the ultimate controlling party of the Company	4,527,031.78	3,794,455.91	3,383,855.08	6,348,546.89
Contract liabilities . .	Henan Junlebao	–	685,133.36	1,739,929.21	171,987.20
Contract liabilities . .	Jingze Supply Chain	–	–	–	15,482.87
Contract liabilities . .	Shanxi Junlebao	–	1,091,532.35	60,330.71	6,669.83
Contract liabilities . .	Shandong Junlebao	–	55,587.18	1,083.76	1,294.90
Contract liabilities . .	Dali Food	–	825.61	3,263.28	1,261.48
Contract liabilities . .	Family members who have a close relationship with the directors of the Group	9,645,878.90	9,645,878.90	13,432.76	–
Contract liabilities . .	Directors, supervisor, and senior management personnel of the Group	19,129,307.32	21,209,924.75	4,014.95	–
Contract liabilities . .	Beijing Junlebao	–	50,652.85	–	–
	Subtotal	33,302,218.00	36,533,990.91	5,205,909.75	6,545,243.17
	Total	68,141,067.98	179,145,528.66	163,106,164.21	141,660,244.14

(3) Dividends payable

RMB

Items	Related party	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Dividends payable . .	Wei Lihua	108,978,430.00	–	–	–
Dividends payable . .	Zhuhai Hengqin Lehuiruisheng	35,840,190.00	–	–	–
Dividends payable . .	Shijiazhuang Yuehui Xinghong	25,512,610.00	–	–	–
Dividends payable . .	Shijiazhuang Zhenlecheng	10,600,000.00	–	–	–
Dividends payable . .	Zhuhai Hengqin Yuehui Xinghong No. 1	7,541,370.00	–	–	–
Dividends payable . .	Zhuhai Hengqin Runde Zhiying No. 2	1,278,360.00	–	–	–
	Total	189,750,960.00	–	–	–

(XII) SHARE-BASED PAYMENTS

1. Overall information of share-based payments

Unit: Share

	Restricted shares	Stock option
As at 1 January 2023	8,087,389	1,140,482
Total number stock options converted to restricted stocks during the year	1,140,482	(1,140,482)
Total number restricted shares granted during the year	376,668	–
Total number restricted shares/share options lapsed during the year	(272,832)	–
Total number additional restricted shares arising from the Company's restructuring into joint stock limited company during the year	98,660,430	–
As at 31 December 2023	107,992,137	–
Total number restricted shares granted during the year	2,696,896	–
Total number restricted shares lapsed during the year	(2,696,896)	–
As at 31 December 2024	107,992,137	–
Total number restricted shares granted during the year	7,926,856	–
Total number restricted shares lapsed during the year	(1,705,946)	–
As at 31 December 2025	114,213,047	–
Total number restricted shares granted during the period	191,691	–
Total number restricted shares lapsed during the period	(191,691)	–
As at 30 June 2026	114,213,047	–
Range of exercise prices and remaining contractual life of the restricted shares outstanding at the end of the year	Refer to other explanations	Refer to other explanations

Other explanations:

According to the "2021 Employee Stock Ownership Plan (ESOP) of Shijiazhuang Junlebao Dairy Co., Ltd. "approved by the Company's first shareholders' meeting in 2021, and the "2021 Employee Stock Ownership Plan (ESOP) of Shijiazhuang Junlebao Dairy Co., Ltd. "further approved by the fourth meeting of the ninth board of directors held on 12 May 2021 (the "2021 ESOP"), the Company granted 8,087,389 restricted shares to the ESOP participants at a price of RMB150.2339 per share on 12 May 2021. The ESOP participants actually subscribed for 8,087,389 restricted shares. The vesting period for these restricted shares shall be from the granting date till the twelve months after the Company completes its [**REDACTED**] on any domestic or overseas securities exchange. The lock-up period shall be from the thirteenth month to the thirty-sixth month following the Company's [**REDACTED**] on any domestic or overseas securities exchange.

According to the "Stock Option Incentive Plan of Shijiazhuang Junlebao Dairy Co., Ltd. "(the "2021 Stock Option Incentive Plan") approved by the Company's sixth shareholders' meeting in 2021, the Company granted 1,086,219 stock options to the participants for the first time on 30 December 2021, with an exercise price of RMB1 per share. On 1 April 2022, the Company granted an additional 54,263 reserved stock options to the participants, with an exercise price of RMB1 per share. The exercise of the aforementioned stock options is subject to certain performance conditions and individual performance appraisal requirements. The stock options granted to the participants are subject to different vesting periods, which shall be from the granting date till twenty-four months after the Company completes its [**REDACTED**] on any domestic or overseas securities exchange.

According to the "Adjustment of the Company's Stock Option Incentive Plan and implement a Restricted Shares Incentive Plan (the "2023 Restricted Shares Incentive Plan")" approved by the Company's third extraordinary shareholders' meeting in 2023, the Company converted 1,140,482 shares of stock options granted under the 2021 Stock Option Incentive Plan into restricted shares, meanwhile, 103,836 shares of restricted shares were granted to the participants at a granting price of RMB1 per share, resulting in a total increase of registered capital of the Company by RMB1,244,318.00. Except for the change in the granting form, the terms and conditions, including the granting price, vesting period, and lock-up period of the restricted shares, remain consistent with those of the 2021 Stock Option Incentive Plan.

On 15 December 2023, the Company was restructured in its entirety into a joint stock limited company. The net assets were converted into shares at a ratio of 2.6563:1, equivalent to registered capital (share capital) of RMB720,000,000.00, totaling 720,000,000 shares. The outstanding restricted shares of the Company were proportionally increased by a total of 98,660,430 shares.

According to the "Plan on the Company's 2025 Employee Shareholding Program" approved by the Company's fourth extraordinary shareholders' meeting in 2025, the Company granted 6.2209 million restricted shares to the grantees at a price of RMB 23.72 per share in 2025, and the grantees fully subscribed to all 6.2209 million restricted shares. The lock-up period for these restricted shares shall commence on the grant date and continue until twelve months after the Company completes its [**REDACTED**] on any domestic or overseas securities exchange.

2. Equity-settled share-based payments

RMB

	Restricted shares	Stock option
The method of determining the fair value of equity instruments at the grant date	Refer to other explanations	
The basis of determining the number of equity instruments expected to be vested	The Company makes best estimate of the number of restricted shares/options expected to be unlocked/vested at the end of vesting periods based on the number of restricted shares/options granted	
Reasons for the significant difference between the estimate in the current year and that in the prior year	N/A	
Cumulative amount of equity-settled share-based payments included in capital reserve as at 31 December 2023	76,269,555.57	–
Total expenses recognised arising from equity-settled share-based payments in 2023	41,828,229.62	–
Cumulative amount of equity-settled share-based payments included in capital reserve as at 31 December 2024	116,441,799.45	–
Total expenses recognised arising from equity-settled share-based payments in 2024	40,172,243.88	–
Cumulative amount of equity-settled share-based payments included in capital reserve as at 31 December 2025	156,065,190.83	–

	Restricted shares	Stock option
Total expenses recognised arising from equity-settled share-based payments in 2025	39,623,391.38	–
Cumulative amount of equity-settled share-based payments included in capital reserve as at 30 June 2025 (Unaudited)	137,860,817.92	–
Total expenses recognised arising from equity-settled share-based payments in the six months ended 30 June 2025 (Unaudited)	21,419,018.47	–
Cumulative amount of equity-settled share-based payments included in capital reserve as at 30 June 2026	180,265,098.56	–
Total expenses recognised arising from equity-settled share-based payments in the six months ended 30 June 2026	24,199,907.73	–

Other explanations:

For the restricted shares granted in 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026, the Company refers to the fair value of the Company's ordinary share at the grant date valued by the management of the Group or the recent equity transfer price of the Company's ordinary share among shareholders as a reference for determining fair value, if appropriate.

(XIII) COMMITMENTS AND CONTINGENCIES

1. Commitments

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Contracted for but not yet recognised in the financial statement				
– Purchase of long-term asset commitments	727,186,099.91	379,492,871.79	264,346,001.47	390,968,682.82
Total	727,186,099.91	379,492,871.79	264,346,001.47	390,968,682.82

2. Contingencies

There are no significant contingencies to disclose of the Group.

(XIV) EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Save as above mentioned event, the Group has no other significant events during the period from the end of Track Record Period to the date of this report.

(XV) OTHER SIGNIFICANT EVENTS

1. Segment information

(1) Determination basis and accounting policies of reporting segments

The Group determines its operating segments based on its internal organisational structure, management requirements, and internal reporting system. Reportable segments are identified from these operating segments after considering materiality. Two or more operating segments may be aggregated into a single reportable segment if they exhibit similar economic characteristics and share similarities in areas such as the nature of products or services, types of customers, and methods of sales or service delivery. The Group's management regularly reviews the operating results of these segments for resource allocation and performance evaluation purposes. As the review does not encompass the assets and liabilities of the operating segments, segment assets and segment liabilities are therefore not disclosed.

The Group has identified four reportable segments, which are determined based on the nature of business activities:

- Formula Business — Engaged in the production and sale of formula products.
- Liquid Milk and Other Dairy Products Business — Engaged in the production and sale of dairy products including yogurt, milk, dairy beverages, cheese, and butter, etc.
- Dairy Farming Business — Engaged in the production and sale of raw milk, feed, and other farming products.
- Other Businesses — Engaged in the production and sale of packaging materials, raw materials, and other products, also the provision of certain services, e.g. consigned processing service.

Segment information is presented in accordance with the accounting policies and measurement bases used for internal reporting to management, which are consistent with the accounting and measurement bases applied in the preparation of the financial statements.

(2) Financial information of reporting segments

RMB

	2023						
Items	**Formula**	**Liquid milk and Other dairy products**	**Dairy farming**	**Others**	**Unallocated amount**	**Inter-segment offsetting**	**Total**
External revenue	5,429,189,300.25	10,353,751,056.55	841,023,680.27	922,211,210.05	–	–	17,546,175,247.12
Inter-segment revenue	–	–	2,870,620,536.44	330,037,845.06	–	(3,200,658,381.50)	–
Operating costs	(2,738,988,620.33)	(7,655,164,027.32)	(3,066,468,844.24)	(1,265,896,454.68)	–	3,183,935,989.01	(11,542,581,957.56)
Interest income	16,955,063.62	2,027,521.90	2,522,203.48	147,703.61	62,923,648.61	(55,072,617.65)	29,503,523.57
Interest expenses	(33,495,105.60)	(13,971,241.02)	(124,257,653.40)	(29,697,520.44)	(794,069,693.76)	55,072,617.65	(940,418,596.57)
Losses from long-term equity investments under equity method	–	(2,614,343.32)	(3,669,589.16)	(1,757,716.04)	–	–	(8,041,648.52)
Significant non-cash expenses:							
Depreciation and amortisation expenses	(246,726,921.92)	(351,446,316.25)	(481,260,469.75)	(110,989,042.01)	–	2,616,199.08	(1,187,806,550.85)
(Losses on)/reversal of credit impairment	–	(39,170,336.10)	22,319.95	(2,435,971.65)	–	–	(41,583,987.80)
Impairment losses of assets	(2,907,667.50)	(21,114,123.06)	(137,054,015.34)	(92,056,633.89)	–	–	(253,132,439.79)
Other unallocated amount *(Note)*	–	–	–	–	(625,445,884.13)	–	(625,445,884.13)
Total profit (loss)	799,976,803.27	892,959,737.94	57,952,801.93	(209,680,974.37)	(1,356,591,929.28)	(38,585,250.48)	146,031,189.01

RMB

Items	2024						
	Formula	Liquid milk and Other dairy products	Dairy farming	Others	Unallocated amount	Inter-segment offsetting	Total
External revenue	5,370,791,552.12	12,294,338,800.70	1,391,763,968.44	775,595,336.57	–	–	19,832,489,657.83
Inter-segment revenue	–	–	3,543,216,393.63	454,270,238.38	–	(3,997,486,632.01)	–
Operating costs	(2,443,397,907.01)	(9,347,412,942.17)	(3,943,921,045.52)	(1,192,521,012.53)	–	3,968,543,074.00	(12,958,709,833.23)
Interest income	13,989,881.80	1,570,374.68	1,825,160.71	1,753,797.10	28,588,356.29	(35,507,347.36)	12,220,223.22
Interest expenses	(34,213,407.75)	(21,973,923.71)	(130,768,542.89)	(2,935,722.71)	(250,450,912.66)	35,507,347.36	(404,835,162.36)
(Loss)/gain from long-term equity investments under equity method	–	(192,190.49)	(3,920,309.48)	499,949.52	–	–	(3,612,550.45)
Significant non-cash expenses:							
Depreciation and amortisation expenses	(226,743,177.43)	(416,097,135.71)	(678,907,751.67)	(146,162,832.57)	–	1,555,884.85	(1,466,355,012.53)
(Losses on)/reversal of credit impairment	(77.11)	15,386,169.38	2,625,748.93	1,161,557.37	–	–	19,173,398.57
Impairment losses of assets	(107,857,346.35)	(160,306,745.82)	(43,695,865.48)	(183,282,426.27)	–	60,000,000.00	(435,142,383.92)
Other unallocated amount *(Note)*	–	–	–	–	(521,886,293.29)	–	(521,886,293.29)
Total profit (loss)	1,201,374,267.81	796,874,483.95	340,072,693.33	(218,547,747.31)	(743,748,849.66)	49,547,898.88	1,425,572,747.00

RMB

Items	2025						
	Formula	Liquid milk and Other dairy products	Dairy farming	Others	Unallocated amount	Inter-segment offsetting	Total
External revenue	4,464,300,014.98	13,244,283,354.88	1,201,178,277.29	1,472,681,376.85	–	–	20,382,443,024.00
Inter-segment revenue	–	–	4,094,927,034.62	491,160,299.23	–	(4,586,087,333.85)	–
Operating costs	(1,900,417,074.65)	(10,414,343,340.67)	(4,098,839,694.92)	(2,059,182,755.86)	–	4,565,626,222.66	(13,907,156,643.44)
Interest income	13,818,374.73	858,233.29	2,977,608.38	276,167.25	29,744,828.26	(38,003,978.84)	9,671,233.07
Interest expenses	(25,550,671.90)	(19,038,223.50)	(92,842,083.51)	(2,062,420.05)	(175,659,616.02)	38,003,978.84	(277,149,036.14)
(Loss)/gain from long-term equity investments under equity method	–	(220,851.18)	68,548,954.60	8,426,788.43	–	–	76,754,891.85
Significant non-cash expenses:							
Depreciation and amortisation expenses	(215,311,370.96)	(429,655,233.54)	(724,711,742.58)	(115,252,204.54)	–	1,604,215.43	(1,483,326,336.19)
Reversal of/(losses on) credit impairment	777,365.16	(16,540,080.12)	(132,957.05)	(3,142,973.87)	–	–	(19,038,645.88)
Impairment losses of assets	(5,960,272.65)	(14,519,569.18)	(38,345,671.69)	(122,010,560.88)	–	–	(180,836,074.40)
Other unallocated amount *(Note)*	–	–	–	–	(579,400,046.29)	–	(579,400,046.29)
Total profit (loss)	885,361,941.78	624,735,569.08	594,362,304.00	(72,632,129.98)	(725,314,834.05)	80,920,232.02	1,387,433,082.85

RMB

Items	Six months ended 30 June 2025 (Unaudited)					
	Formula	Liquid milk and Other dairy products	Dairy farming	Others	Unallocated amount	Inter-segment offsetting	Total
External revenue	2,384,081,113.96	6,204,073,375.40	538,395,564.26	824,659,293.76	–	–	9,951,209,347.38
Inter-segment revenue	–	–	2,086,569,232.23	234,813,475.13	–	(2,321,382,707.36)	–
Operating costs	(982,762,452.48)	(4,844,133,478.62)	(2,005,911,508.28)	(1,113,701,599.60)	–	2,299,966,154.70	(6,646,542,884.28)
Interest income	6,821,455.03	619,929.23	1,949,281.96	207,097.08	14,853,539.18	(19,220,572.14)	5,230,730.34
Interest expenses	(13,806,720.13)	(10,102,627.31)	(48,137,687.11)	(786,109.93)	(87,850,356.30)	19,220,572.14	(141,462,928.64)
Gain/(loss) from long-term equity investments under equity method	–	2,191,266.55	40,271,742.51	(311,726.20)	–	–	42,151,282.86
Significant non-cash expenses:							
Depreciation and amortisation expenses	(103,303,478.41)	(218,906,451.64)	(374,622,239.85)	(53,929,636.54)	–	802,107.69	(749,959,698.75)
Reversal of/(losses on) credit impairment	855,365.16	7,720,650.96	–	(10,921,522.99)	–	–	(2,345,506.87)
Impairment losses of assets	(7,396,658.57)	(13,844,982.36)	(8,779,906.45)	(75,761,062.88)	–	–	(105,782,610.26)
Other unallocated amount *(Note)*	–	–	–	–	(335,408,544.47)	–	(335,408,544.47)
Total profit (loss)	648,951,765.03	267,987,445.19	278,120,776.04	(142,098,217.37)	(408,405,361.59)	101,673,930.34	746,230,337.64

RMB

Items	Six months ended 30 June 2026						
	Formula	Liquid milk and Other dairy products	Dairy farming	Others	Unallocated amount	Inter-segment offsetting	Total
External revenue	2,020,060,479.13	7,433,587,479.55	610,039,189.70	545,052,558.13	–	–	10,608,739,706.51
Inter-segment revenue	–	–	2,185,230,387.59	898,142,541.36	–	(3,083,372,928.95)	–
Operating costs	(908,697,773.66)	(5,700,143,756.25)	(2,121,412,570.41)	(1,471,054,501.13)	–	3,063,419,238.76	(7,137,889,362.69)
Interest income	5,915,843.15	374,149.91	644,661.99	117,757.03	9,847,434.25	(14,825,256.35)	2,074,589.98
Interest expenses	(9,713,390.00)	(9,464,339.58)	(40,407,718.67)	(1,485,457.85)	(93,056,547.07)	14,825,256.35	(139,302,196.82)
Gain from long-term equity investments under equity method	–	134,180.06	33,120,088.37	8,692,333.82	–	–	41,946,602.25
Significant non-cash expenses:							
Depreciation and amortisation expenses	(101,941,158.72)	(218,543,781.24)	(375,698,658.43)	(65,255,925.27)	–	802,107.69	(760,637,415.97)
Reversal of/(losses on) credit impairment	358,455.76	(5,382,628.33)	(4,884,973.24)	(4,453,181.40)	–	–	(14,362,327.21)
Impairment losses of assets	(5,200,520.17)	(21,501,335.61)	(10,065,058.80)	(71,447,874.56)	–	–	(108,214,789.14)
Other unallocated amount *(Note)*	–	–	–	–	(265,338,408.74)	–	(265,338,408.74)
Total profit (loss)	306,506,891.36	569,993,043.38	338,481,697.05	(27,674,855.62)	(348,547,521.56)	4,009,545.72	842,768,800.33

Note: The other unallocated amount consists of selling and distribution expenses and general and administrative expenses related to headquarters functions, gains or losses from changes in fair values, and financial expenses incurred in support of the Group's overall operations. These amounts are not allocated when assessing segments' performance.

External revenue by geographical area

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
External revenue from Chinese Mainland	17,544,407,040.59	19,832,260,962.56	20,380,809,565.46	9,950,260,281.85	10,596,364,553.04
External revenue from Overseas	1,768,206.53	228,695.27	1,633,458.54	949,065.53	12,375,153.47
Total	17,546,175,247.12	19,832,489,657.83	20,382,443,024.00	9,951,209,347.38	10,608,739,706.51

Non-current assets by locations

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Domestic non-current assets	16,556,296,638.12	16,232,139,409.53	16,398,804,144.91	17,059,041,750.27
Foreign non-current assets	–	42,137,655.35	40,737,655.35	39,587,020.72
Total	16,556,296,638.12	16,274,277,064.88	16,439,541,800.26	17,098,628,770.99

Non-current assets do not include financial assets or deferred tax assets.

(3) Degree of reliance on major customers

In 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026, no single customer accounted for more than 10% of the Group's revenue.

2. Capital management

The Group manages its capital by optimising the structure of liabilities and owners' equity so as to ensure the entities of the Group can continue as going concern and maximise the returns to shareholders. The Group's capital structure consists of the Group's net debt (Note (VI) 22, 29, 31 and 33) and owners' equity (including paid-in capital/share capital, capital reserve, other comprehensive income, surplus reserve and retained earnings disclosed in Note (VI) 36 to Note (VI) 40).

The Group is not exposed to external compulsory capital management requirements. The management of the Group reviews its capital structure. The risk related to the capital cost and various capital are also considered as part of the review. During the Track Record Period, there were no changes to the Group's capital management objectives, policies or procedures.

(XVI) NOTES TO MAJOR ITEMS IN THE COMPANY'S HISTORICAL FINANCIAL INFORMATION

1. Cash at bank and on hand

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Bank deposits	441,230,097.52	532,509,366.42	665,996,948.82	595,074,571.65
Other monetary funds	120,866,006.42	99,287,628.86	51,577,209.73	50,904,921.12
Total	562,096,103.94	631,796,995.28	717,574,158.55	645,979,492.77

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had restricted bank deposits and other monetary funds of RMB100,956,463.91, RMB96,955,204.47, RMB30,835,255.38 and RMB50,904,921.12, respectively.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had no overseas deposits.

2. Accounts receivable

(1) Disclosed by aging

Based on the dates of delivery of goods or services, the aging analysis of accounts receivable is as follows:

RMB

	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
Aging	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)
Within 1 year (inclusive)	605,993,277.11	(10,047,323.53)	1.66	667,354,629.92	(8,030,557.53)	1.20	845,404,466.30	(23,329,171.24)	2.76	792,830,957.07	(20,811,746.94)	2.62
1-2 years (inclusive)	14,388,922.07	(1,968,378.91)	13.68	19,121,231.40	(5,509,217.50)	28.81	28,834,047.16	(1,206,225.71)	4.18	37,406,890.94	(12,926,468.14)	34.56
2-3 years (inclusive)	2,203,031.82	(2,203,031.82)	100.00	10,801,046.84	(901,154.31)	8.34	15,761,832.54	(2,287,511.10)	14.51	11,262,664.96	(1,494,078.65)	13.27
Over 3 years	933,614.44	(933,614.44)	100.00	2,341,653.04	(2,341,653.04)	100.00	7,641,604.68	–	–	13,189,960.77	(1,230,671.27)	9.33
Total	623,518,845.44	(15,152,348.70)	2.43	699,618,561.20	(16,782,582.38)	2.40	897,641,950.68	(26,822,908.05)	2.99	854,690,473.74	(36,462,965.00)	4.27

(2) Disclosed by credit loss provision method

RMB

	31 December 2023				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	–	–	–	–	–
Credit loss allowance assessed on a portfolio basis					
Intra-group companies	137,013,345.19	21.97	–	–	137,013,345.19
Distributors	11,575,032.29	1.86	(1,153,538.26)	9.97	10,421,494.03
E-commerce	233,534,565.90	37.45	(1,141,328.79)	0.49	232,393,237.11
KA customers	84,273,346.65	13.52	(5,133,162.36)	6.09	79,140,184.29
Special channels	151,884,907.05	24.36	(7,533,491.39)	4.96	144,351,415.66
Others	5,237,648.36	0.84	(190,827.90)	3.64	5,046,820.46
Total	623,518,845.44	100.00	(15,152,348.70)	2.43	608,366,496.74

RMB

	31 December 2024				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	2,589,085.07	0.37	(2,589,085.07)	100.00	–
Credit loss allowance assessed on a portfolio basis					
Intra-group companies	270,334,797.59	38.64	–	–	270,334,797.59
Distributors	1,254,715.67	0.18	(228,214.33)	18.19	1,026,501.34
E-commerce	241,014,887.27	34.45	(530,232.75)	0.22	240,484,654.52
KA customers	85,319,044.15	12.20	(8,842,018.81)	10.36	76,477,025.34
Special channels	97,750,292.16	13.97	(4,572,288.61)	4.68	93,178,003.55
Others	1,355,739.29	0.19	(20,742.81)	1.53	1,334,996.48
Total	699,618,561.20	100.00	(16,782,582.38)	2.40	682,835,978.82

RMB

	31 December 2025				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		%		%	
Credit loss allowance assessed on an individual basis	16,309,777.57	1.82	(16,309,777.57)	100.00	–
Credit loss allowance assessed on a portfolio basis					
Intra-group companies	409,822,104.07	45.66	–	–	409,822,104.07
Distributors	1,992,633.95	0.22	(40,465.65)	2.03	1,952,168.30
E-commerce	230,550,681.00	25.68	(544,217.29)	0.24	230,006,463.71
KA customers	118,135,361.76	13.16	(3,723,132.67)	3.15	114,412,229.09
Special channels	116,605,150.21	12.99	(6,115,150.81)	5.24	110,489,999.40
Others	4,226,242.12	0.47	(90,164.06)	2.13	4,136,078.06
Total	897,641,950.68	100.00	(26,822,908.05)	2.99	870,819,042.63

RMB

	30 June 2026				
	Gross carrying amount		Credit loss allowance		
Items	Amount	Percentage	Amount	Proportion of allowance	Carrying amount
		(%)		*(%)*	
Credit loss allowance assessed on an individual basis	23,480,349.46	2.75	(23,480,349.46)	100.00	–
Credit loss allowance assessed on a portfolio basis					
Intra-group companies	326,493,446.67	38.20	–	–	326,493,446.67
Distributors	1,354,892.95	0.16	(31,108.58)	2.30	1,323,784.37
E-commerce	173,968,794.69	20.35	(382,731.35)	0.22	173,586,063.34
KA customers	130,309,448.93	15.25	(3,850,323.80)	2.95	126,459,125.13
Special channels	194,525,243.44	22.76	(8,627,285.86)	4.44	185,897,957.58
Others	4,558,297.60	0.53	(91,165.95)	2.00	4,467,131.65
Total	854,690,473.74	100.00	(36,462,965.00)	4.27	818,227,508.74

Credit loss allowance assessed on an individual basis

RMB

	31 December 2024			
Name	**Gross carrying amount**	**Credit loss allowance**	**Proportion of allowance**	**Reason for allowance**
			(%)	
Customer III	2,116,520.91	(2,116,520.91)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	472,564.16	(472,564.16)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	2,589,085.07	(2,589,085.07)	/	/

RMB

	31 December 2025			
Name	**Gross carrying amount**	**Credit loss allowance**	**Proportion of allowance**	**Reason for allowance**
			(%)	
Customer III	2,163,876.68	(2,163,876.68)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	392,564.16	(392,564.16)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer V	13,753,336.73	(13,753,336.73)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	16,309,777.57	(16,309,777.57)	/	/

RMB

	30 June 2026			
Name	Gross carrying amount	Credit loss allowance	Proportion of allowance	Reason for allowance
			(%)	
Customer III	2,163,876.68	(2,163,876.68)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer IV	242,556.33	(242,556.33)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer V	13,753,336.73	(13,753,336.73)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer VI	3,317,639.72	(3,317,639.72)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Customer VII	4,002,940.00	(4,002,940.00)	100.00	The customer is experiencing operational difficulties, and the likelihood of collection is low.
Total	23,480,349.46	(23,480,349.46)	/	/

Credit loss allowance assessed on portfolios basis

As part of the Company's credit risk management, in addition to assessing expected credit losses on an individual asset basis for accounts receivable with significantly different credit risk characteristics, the Company groups its accounts receivable into six portfolios based on common risk characteristics: intra-group companies, distributors, E-commerce, KA customers, special channels, and others. The aging of accounts receivable reflects the repayment capacity of various customers as the accounts receivable approach maturity. The Company uses the aging of accounts receivable, calculated from the date of delivery of goods or services, to evaluate expected credit losses for portfolios with similar risk characteristics.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the credit risk exposure of accounts receivable for each portfolio and their lifetime expected credit losses are as follows:

RMB

	31 December 2023			
Intra-group companies	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	–	124,592,802.03	–	124,592,802.03
1-2 years (inclusive)	–	12,420,543.16	–	12,420,543.16
Total		137,013,345.19	–	137,013,345.19

RMB

	31 December 2023			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.79	10,611,438.78	(189,944.75)	10,421,494.03
1-2 years (inclusive)	100.00	29,979.07	(29,979.07)	–
Over 3 years	100.00	933,614.44	(933,614.44)	–
Total		11,575,032.29	(1,153,538.26)	10,421,494.03

RMB

	31 December 2023			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.21	232,882,289.92	(489,052.81)	232,393,237.11
1-2 years (inclusive)	100.00	632,996.93	(632,996.93)	–
2-3 years (inclusive)	100.00	19,279.05	(19,279.05)	–
Total		233,534,565.90	(1,141,328.79)	232,393,237.11

RMB

	31 December 2023			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.20	80,920,433.83	(1,780,249.54)	79,140,184.29
1-2 years (inclusive)	100.00	1,169,160.05	(1,169,160.05)	–
2-3 years (inclusive)	100.00	2,183,752.77	(2,183,752.77)	–
Total		84,273,346.65	(5,133,162.36)	79,140,184.29

RMB

	31 December 2023			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.96	151,884,907.05	(7,533,491.39)	144,351,415.66
Total		151,884,907.05	(7,533,491.39)	144,351,415.66

RMB

	31 December 2023			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.07	5,101,405.50	(54,585.04)	5,046,820.46
1-2 years (inclusive)	100.00	136,242.86	(136,242.86)	–
Total		5,237,648.36	(190,827.90)	5,046,820.46

RMB

	31 December 2024			
Intra-group companies	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	–	246,822,891.16	–	246,822,891.16
1-2 years (inclusive)	–	13,612,013.90	–	13,612,013.90
2-3 years (inclusive)	–	9,899,892.53	–	9,899,892.53
Total		270,334,797.59	–	270,334,797.59

RMB

	31 December 2024			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.15	1,049,056.04	(22,554.70)	1,026,501.34
1-2 years (inclusive)	100.00	18,951.59	(18,951.59)	–
2-3 years (inclusive)	100.00	28,807.77	(28,807.77)	–
Over 3 years	100.00	157,900.27	(157,900.27)	–
Total		1,254,715.67	(228,214.33)	1,026,501.34

RMB

	31 December 2024			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.22	241,014,887.27	(530,232.75)	240,484,654.52
Total		241,014,887.27	(530,232.75)	240,484,654.52

RMB

	31 December 2024			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.73	78,623,445.40	(2,146,420.06)	76,477,025.34
1-2 years (inclusive)	100.00	3,639,499.44	(3,639,499.44)	–
2-3 years (inclusive)	100.00	872,346.54	(872,346.54)	–
Over 3 years	100.00	2,183,752.77	(2,183,752.77)	–
Total		85,319,044.15	(8,842,018.81)	76,477,025.34

RMB

	31 December 2024			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.51	97,578,807.78	(4,400,804.23)	93,178,003.55
1-2 years (inclusive)	100.00	171,484.38	(171,484.38)	–
Total		97,750,292.16	(4,572,288.61)	93,178,003.55

RMB

	31 December 2024			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.53	1,355,739.29	(20,742.81)	1,334,996.48
Total		1,355,739.29	(20,742.81)	1,334,996.48

RMB

	31 December 2025			
Intra-group companies	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	–	361,078,356.50	–	361,078,356.50
1-2 years (inclusive)	–	27,627,821.45	–	27,627,821.45
2-3 years (inclusive)	–	13,474,321.44	–	13,474,321.44
Over 3 years	–	7,641,604.68	–	7,641,604.68
Total		409,822,104.07	–	409,822,104.07

RMB

	31 December 2025			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.63	1,984,418.89	(32,250.59)	1,952,168.30
1-2 years (inclusive)	100.00	8,215.06	(8,215.06)	–
Total		1,992,633.95	(40,465.65)	1,952,168.30

RMB

	31 December 2025			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.24	230,550,681.00	(544,217.29)	230,006,463.71
Total		230,550,681.00	(544,217.29)	230,006,463.71

RMB

	31 December 2025			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.07	116,830,273.11	(2,418,044.02)	114,412,229.09
1-2 years (inclusive)	100.00	61,903.38	(61,903.38)	–
2-3 years (inclusive)	100.00	1,243,185.27	(1,243,185.27)	–
Total		118,135,361.76	(3,723,132.67)	114,412,229.09

RMB

	31 December 2025			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.99	116,298,845.92	(5,808,846.52)	110,489,999.40
1-2 years (inclusive)	100.00	306,304.29	(306,304.29)	–
Total		116,605,150.21	(6,115,150.81)	110,489,999.40

RMB

	31 December 2025			
Others	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.13	4,226,242.12	(90,164.06)	4,136,078.06
Total		4,226,242.12	(90,164.06)	4,136,078.06

RMB

	30 June 2026			
Intra-group companies	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	–	280,285,148.06	–	280,285,148.06
1-2 years (inclusive)	–	24,480,422.80	–	24,480,422.80
2-3 years (inclusive)	–	9,768,586.31	–	9,768,586.31
Over 3 years	–	11,959,289.50	–	11,959,289.50
Total	–	326,493,446.67	–	326,493,446.67

RMB

	30 June 2026			
Distributors	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	1.70	1,346,677.89	(22,893.52)	1,323,784.37
1-2 years (inclusive)	100.00	8,215.06	(8,215.06)	–
Total		1,354,892.95	(31,108.58)	1,323,784.37

RMB

	30 June 2026			
E-commerce	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	0.22	173,968,794.69	(382,731.35)	173,586,063.34
Total		173,968,794.69	(382,731.35)	173,586,063.34

RMB

	30 June 2026			
KA customers	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	2.02	129,066,263.66	(2,607,138.53)	126,459,125.13
1-2 years (inclusive)	100.00	–	–	–
2-3 years (inclusive)	100.00	12,514.00	(12,514.00)	–
Over 3 years	100.00	1,230,671.27	(1,230,671.27)	–
Total		130,309,448.93	(3,850,323.80)	126,459,125.13

RMB

	30 June 2026			
Special channels	**Expected credit loss rate**	**Gross carrying amount**	**Credit loss allowance**	**Carrying amount**
	(%)			
Within 1 year (inclusive)	4.35	194,352,281.84	(8,454,324.26)	185,897,957.58
1-2 years (inclusive)	100.00	172,961.60	(172,961.60)	–
Total		194,525,243.44	(8,627,285.86)	185,897,957.58

RMB

	30 June 2026			
Others	Expected credit loss rate	Gross carrying amount	Credit loss allowance	Carrying amount
	(%)			
Within 1 year (inclusive)	2.00	4,558,297.60	(91,165.95)	4,467,131.65
Total		4,558,297.60	(91,165.95)	4,467,131.65

(3) Changes in credit loss allowance for accounts receivables

2023

RMB

Category	1 January 2023	Changes for the year			31 December 2023
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	–	–	–	–	–
Credit loss allowance assessed on a portfolio basis	6,150,462.19	11,316,056.80	(1,884,267.70)	(429,902.59)	15,152,348.70
Total	6,150,462.19	11,316,056.80	(1,884,267.70)	(429,902.59)	15,152,348.70

2024

RMB

Category	1 January 2024	Changes for the year			31 December 2024
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	–	2,589,085.07	–	–	2,589,085.07
Credit loss allowance assessed on a portfolio basis	15,152,348.70	10,421,836.59	(10,047,323.53)	(1,333,364.45)	14,193,497.31
Total	15,152,348.70	13,010,921.66	(10,047,323.53)	(1,333,364.45)	16,782,582.38

2025

RMB

Category	1 January 2025	Changes for the year			31 December 2025
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	2,589,085.07	14,435,648.76	(714,956.26)	–	16,309,777.57
Credit loss allowance assessed on a portfolio basis	14,193,497.31	9,578,607.89	(10,719,906.74)	(2,539,067.98)	10,513,130.48
Total	16,782,582.38	24,014,256.65	(11,434,863.00)	(2,539,067.98)	26,822,908.05

Six months ended 30 June 2026

RMB

Category	1 January 2026	Changes for the period			30 June 2026
		Recognised	Reversed	Write-off	
Credit loss allowance assessed on an individual basis	16,309,777.57	7,320,579.72	(150,007.83)	–	23,480,349.46
Credit loss allowance assessed on a portfolio basis	10,513,130.48	11,376,788.23	(8,885,998.65)	(21,304.52)	12,982,615.54
Total	26,822,908.05	18,697,367.95	(9,036,006.48)	(21,304.52)	36,462,965.00

(4) Credit loss allowance assessed using the simplified approach under ECL model

2023

RMB

Items	2023		
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2023	1,967,794.70	4,182,667.49	6,150,462.19
Changes due to financial instruments recognised as at 1 January 2023			
– Transferred to credit-impaired	(83,527.00)	83,527.00	–
Impairment losses recognised	10,047,323.53	1,268,733.27	11,316,056.80
Impairment losses reversed	(1,884,267.70)	–	(1,884,267.70)
Write-off	–	(429,902.59)	(429,902.59)
31 December 2023	10,047,323.53	5,105,025.17	15,152,348.70

2024

RMB

	2024		
Items	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
Balance as at 1 January 2024	10,047,323.53	5,105,025.17	15,152,348.70
Changes due to financial instruments recognised as at 1 January 2024			
– Transferred to credit-impaired	(288,773.92)	288,773.92	–
Impairment losses recognised	7,120,754.56	5,890,167.10	13,010,921.66
Impairment losses reversed	(9,758,549.61)	(288,773.92)	(10,047,323.53)
Write-off	–	(1,333,364.45)	(1,333,364.45)
31 December 2024	7,120,754.56	9,661,827.82	16,782,582.38

2025

RMB

	2025		
Items	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
Balance as at 1 January 2025	7,120,754.56	9,661,827.82	16,782,582.38
Changes due to financial instruments recognised as at 1 January 2025			
– Transferred to credit-impaired	(401,176.14)	401,176.14	–
Impairment losses recognised	8,893,522.49	15,120,734.16	24,014,256.65
Impairment losses reversed	(6,719,578.42)	(4,715,284.58)	(11,434,863.00)
Write-off	–	(2,539,067.98)	(2,539,067.98)
31 December 2025	8,893,522.49	17,929,385.56	26,822,908.05

Six months ended 30 June 2026

RMB

	Six months ended 30 June 2026		
Items	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
Balance as at 1 January 2026	8,893,522.49	17,929,385.56	26,822,908.05
Changes due to financial instruments recognised as at 1 January 2026			
– Transferred to credit-impaired	(7,523.83)	7,523.83	–
Impairment losses recognised	10,883,780.69	7,813,587.26	18,697,367.95
Impairment losses reversed	(8,211,525.74)	(824,480.74)	(9,036,006.48)
Write-off	–	(21,304.52)	(21,304.52)
30 June 2026	11,558,253.61	24,904,711.39	36,462,965.00

(5) Accounts receivable actually written off in each year/period during the Track Record Period

There were no significant write-offs of accounts receivable in 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026.

(6) Five largest debtors by accounts receivable at the end of each year/period during the Track Record Period

31 December 2023

RMB

Name	Relationship with the Company	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	175,502,977.40	Within 1 year (inclusive), 1-2 years (inclusive)	28.15	(375,414.82)
Second	Third party	56,698,450.06	Within 1 year (inclusive), 1-2 years (inclusive)	9.09	(145,181.56)
Third	Intra-group companies	34,311,129.02	Within 1 year (inclusive), 1-2 years (inclusive)	5.50	–
Fourth	Intra-group companies	29,335,101.73	Within 1 year (inclusive), 1-2 years (inclusive)	4.70	–
Fifth	Third party	25,296,837.50	Within 1 year (inclusive)	4.06	(1,254,723.14)
Total		321,144,495.71		51.50	(1,775,319.52)

31 December 2024

RMB

Name	Relationship with the Company	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	162,671,084.94	Within 1 year (inclusive)	23.25	(357,876.39)
Second	Third party	71,773,883.64	Within 1 year (inclusive)	10.26	(157,902.54)
Third	Intra-group companies	35,724,605.02	Within 1 year (inclusive)	5.11	–
Fourth	Intra-group companies	34,549,405.31	Within 1 year (inclusive)	4.94	–
Fifth	Intra-group companies	29,396,822.56	Within 1 year (inclusive)	4.20	–
Total		334,115,801.47		47.76	(515,778.93)

31 December 2025

RMB

Name	Relationship with the Company	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	158,699,494.54	Within 1 year (inclusive)	17.68	(374,611.81)
Second	Intra-group companies	74,701,270.51	Within 1 year (inclusive)	8.32	–
Third	Third party	43,277,323.76	Within 1 year (inclusive)	4.82	(159,954.64)
Fourth	Intra-group companies	38,982,129.08	Within 1 year (inclusive), 1-2 years (inclusive)	4.34	–
Fifth	Third party	38,278,858.52	Within 1 year (inclusive)	4.26	(792,260.11)
Total		353,939,076.41		39.42	(1,326,826.56)

30 June 2026

RMB

Name	Relationship with the Company	Gross carrying amount	Aging	Percentage of total balance	Credit loss allowance
				(%)	
First	Third party	87,672,624.98	Within 1 year (inclusive)	10.26	(192,879.77)
Second	Third party	60,464,258.87	Within 1 year (inclusive)	7.07	(394,169.40)
Third	Intra-group companies	50,027,349.66	Within 1 year (inclusive)	5.85	–
Fourth	Intra-group companies	44,514,640.13	Within 1 year (inclusive)	5.21	–
Fifth	Third party	39,263,918.28	Within 1 year (inclusive)	4.59	(793,131.15)
Total		281,942,791.92		32.98	(1,380,180.32)

3. Other receivables

3.1 Summary of other receivables

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Interest receivable	169,862,903.69	178,317,602.80	173,774,361.42	122,664,313.06
Dividends receivable	480,000,000.00	–	840,073,250.00	–
Other receivables	1,240,626,787.26	1,789,432,175.51	1,597,783,159.07	855,288,782.94
Total	1,890,489,690.95	1,967,749,778.31	2,611,630,770.49	977,953,096.00

3.2 Interest receivable

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Interest on borrowings	169,862,903.69	178,317,602.80	173,774,361.42	122,664,313.06
Total	169,862,903.69	178,317,602.80	173,774,361.42	122,664,313.06

3.3 Other receivables

(1) Disclosed by aging

RMB

Aging	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025			As at 30 June 2026		
	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance	Gross carrying amount	Credit loss allowance	Proportion of allowance
			(%)			(%)			(%)			(%)
Within 1 year (inclusive)	687,584,916.37	(2,990,690.29)	0.43	1,241,518,557.87	(54,188.13)	–	439,466,785.97	(320,746.87)	0.07	612,069,032.60	(137,658.21)	0.02
1-2 years (inclusive)	40,499,759.30	(2,543,010.79)	6.28	37,508,113.06	(352,099.98)	0.94	642,101,374.27	(11,072.83)	–	175,982,468.84	(272,001.19)	0.15
2-3 years (inclusive)	568,852,983.73	(70,197,977.91)	12.34	15,478,383.98	(44,386.93)	0.29	17,985,882.98	(350,126.01)	1.95	66,140,903.41	(347,375.18)	0.53
3-4 years (inclusive)	659,000.00	(100,125.78)	15.19	553,395,015.00	(70,230,532.52)	12.69	15,470,140.92	(44,401.66)	0.29	653,127.91	(14,697.07)	2.25
4-5 years (inclusive)	–	–	–	519,099.00	(14,212.63)	2.74	553,317,426.56	(70,230,515.06)	12.69	721,151.47	(37,036.17)	5.14
Over 5 years	20,662,954.16	(1,801,021.53)	8.72	14,025,956.69	(2,317,529.90)	16.52	2,317,379.33	(1,918,968.53)	82.81	2,488,336.47	(1,957,469.94)	78.67
Total	1,318,259,613.56	(77,632,826.30)	5.89	1,862,445,125.60	(73,012,950.09)	3.92	1,670,658,990.03	(72,875,830.96)	4.36	858,055,020.70	(2,766,237.76)	0.32

(2) Disclosed by the nature of other receivables

RMB

Nature	Gross carrying amount as at 31 December 2023	Gross carrying amount as at 31 December 2024	Gross carrying amount as at 31 December 2025	Gross carrying amount as at 30 June 2026
Other receivables from intra-group companies	1,282,716,313.15	1,842,323,057.00	1,632,912,796.66	820,508,920.71
Security deposits	15,972,604.35	15,453,528.89	23,067,507.91	23,373,610.14
Consideration receivables from asset disposals	4,041,746.14	–	519,638.13	–
Employee loans and petty cash	226,156.52	128,000.00	45,000.00	263,755.49
Others	15,302,793.40	4,540,539.71	14,114,047.33	13,908,734.36
Total	1,318,259,613.56	1,862,445,125.60	1,670,658,990.03	858,055,020.70

(3) Details of credit loss allowance

Movements in credit loss allowance on other receivables are as follows

RMB

	2023			
Items	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2023	70,448,884.87	–	4,260,087.98	74,708,972.85
Impairment losses recognised	129,986.75	–	4,318,079.42	4,448,066.17
Impairment losses reversed	(213,834.93)	–	–	(213,834.93)
Write-off	–	–	(1,310,377.79)	(1,310,377.79)
Balance as at 31 December 2023	70,365,036.69	–	7,267,789.61	77,632,826.30

RMB

	2024			
Items	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2024	70,365,036.69	–	7,267,789.61	77,632,826.30
Impairment losses recognised	33,558.75	–	2,000.00	35,558.75
Impairment losses reversed	(163,764.81)	–	(293,410.56)	(457,175.37)
Write-off	–	–	(4,198,259.59)	(4,198,259.59)
Balance as at 31 December 2024	70,234,830.63	–	2,778,119.46	73,012,950.09

RMB

	2025			
Items	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2025	70,234,830.63	–	2,778,119.46	73,012,950.09
Impairment losses recognised	295,388.16	–	65,730.90	361,119.06
Impairment losses reversed	(25,752.92)	–	(414,754.37)	(440,507.29)
Write-off	–	–	(57,730.90)	(57,730.90)
Balance as at 31 December 2025	70,504,465.87	–	2,371,365.09	72,875,830.96

RMB

	Six months ended 30 June 2026			
Items	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Balance as at 1 January 2026	70,504,465.87	–	2,371,365.09	72,875,830.96
Impairment losses recognised	27,139.02	–	108,371.33	135,510.35
Impairment losses reversed	(70,245,103.55)	–	–	(70,245,103.55)
Balance as at 30 June 2026	286,501.34	–	2,479,736.42	2,766,237.76

Other receivables that are individually significant and for which credit loss allowance are individually assessed at the end of the year/period:

RMB

	31 December 2023			
Other receivables (by unit)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Reason
Real Estate Company	570,512,080.00	(70,196,190.09)	12.30	Note

Note: As at 31 December 2023, the balance receivable from the subsidiary, Real Estate Company, amounted to RMB570,512,080.00. Based on the expected future amounts recovery, the Company has recognised a credit loss allowance of RMB70,196,190.09 at the end of the year.

RMB

	31 December 2024			
Other receivables (by unit)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Reason
Real Estate Company	567,870,000.00	(70,196,190.09)	12.36	Note

Note: As at 31 December 2024, the balance receivable from the subsidiary, Real Estate Company, amounted to RMB567,870,000.00. Based on the expected future amounts recovery, the Company has recognised a credit loss allowance of RMB70,196,190.09 at the end of the year.

RMB

	31 December 2025			
Other receivables (by unit)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Reason
Real Estate Company	567,883,415.07	(70,196,190.09)	12.36	Note

Note: As at 31 December 2025, the balance receivable from the subsidiary, Real Estate Company, amounted to RMB567,883,415.07. Based on the expected future amounts recovery, the Company has recognised a credit loss allowance of RMB70,196,190.09 at the end of the year.

RMB

	30 June 2026			
Other receivables (by unit)	Gross carrying amount	Credit loss allowance	Proportion of allowance (%)	Reason
Real Estate Company	–	–	–	Note

Note: As at 30 June 2026, the balance receivable from the subsidiary, Real Estate Company, amounted to RMB nil. During the six months ended 30 June 2026, the Company has purchased all the unsold properties held by Real Estate Company and part of the consideration has been settled by offsetting the other receivables from Real Estate Company. The credit loss allowance of RMB70,196,190.09 related to such other receivables has been reversed accordingly.

(4) Actual write-offs of other receivables during the year/period

There were no significant write-offs of other receivables in 2023, 2024, 2025 and the six months ended 30 June 2026.

(5) Five largest debtors by other receivables at the end of each year/period during the Track Record Period

31 December 2023

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Other receivables from intra-group companies	570,512,080.00	1-2 years (inclusive); 2-3 years (inclusive)	43.28	(70,196,190.09)
Second	Other receivables from intra-group companies	269,596,534.18	Within 1 year (inclusive)	20.45	–
Third	Other receivables from intra-group companies	113,521,115.82	Within 1 year (inclusive)	8.61	–
Fourth	Other receivables from intra-group companies	88,231,303.91	Within 1 year (inclusive)	6.69	–
Fifth	Other receivables from intra-group companies	45,000,000.00	Within 1 year (inclusive)	3.41	–
Total		1,086,861,033.91		82.44	(70,196,190.09)

31 December 2024

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Other receivables from intra-group companies	567,870,000.00	2-3 years (inclusive); 3-4 years (inclusive)	30.49	(70,196,190.09)
Second	Other receivables from intra-group companies	239,727,744.72	Within 1 year (inclusive); 1-2 years (inclusive)	12.87	–
Third	Other receivables from intra-group companies	150,000,000.00	Within 1 year (inclusive)	8.05	–
Fourth	Other receivables from intra-group companies	150,000,000.00	Within 1 year (inclusive)	8.05	–
Fifth	Other receivables from intra-group companies	100,818,955.39	Within 1 year (inclusive); 1-2 years (inclusive)	5.41	–
Total		1,208,416,700.11		64.87	(70,196,190.09)

31 December 2025

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Other receivables from intra-group companies	567,883,415.07	1-2 years (inclusive); 3-4 years (inclusive); 4-5 years (inclusive)	33.99	(70,196,190.09)
Second	Other receivables from intra-group companies	155,099,328.95	Within 1 year (inclusive); 1-2 years (inclusive)	9.28	–
Third	Other receivables from intra-group companies	150,000,000.00	1-2 years (inclusive)	8.98	–
Fourth	Other receivables from intra-group companies	125,000,000.00	1-2 years (inclusive)	7.48	–
Fifth	Other receivables from intra-group companies	108,904,767.15	Within 1 year (inclusive)	6.52	–
Total		1,106,887,511.17		66.25	(70,196,190.09)

30 June 2026

RMB

Name	Nature of the amount	Gross carrying amount	Aging	Percentage of total balance (%)	Credit loss allowance
First	Other receivables from intra-group companies	174,418,620.93	Within 1 year (inclusive); 1-2 years (inclusive); 2-3 years (inclusive)	20.33	–
Second	Other receivables from intra-group companies	145,307,927.97	Within 1 year (inclusive); 1-2 years (inclusive); 2-3 years (inclusive)	16.93	–
Third	Other receivables from intra-group companies	127,204,160.16	Within 1 year (inclusive)	14.82	–
Fourth	Other receivables from intra-group companies	86,342,332.23	Within 1 year (inclusive)	10.06	–
Fifth	Other receivables from intra-group companies	73,789,801.17	Within 1 year (inclusive)	8.60	–
Total		607,062,842.46		70.74	–

4. *Inventories*

(1) Categories of inventories

RMB

Items	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount	Cost	Write-down provision	Carrying amount
Raw materials	396,772,265.39	(97,906,477.68)	298,865,787.71	382,252,396.30	(56,320,855.79)	325,931,540.51	486,323,722.58	(103,119,847.85)	383,203,874.73	403,073,031.19	(103,953,463.36)	299,119,567.83
Finished goods	160,747,060.69	(6,429,882.43)	154,317,178.26	200,107,860.12	(16,639,595.37)	183,468,264.75	158,388,646.78	(6,243,520.87)	152,145,125.91	113,843,820.60	(4,553,752.82)	109,290,067.78
Shipped goods	34,168,845.02	–	34,168,845.02	56,865,568.48	–	56,865,568.48	14,981,965.04	–	14,981,965.04	12,684,670.00	–	12,684,670.00
Packaging materials	6,279,572.97	(62,795.73)	6,216,777.24	8,553,575.60	(148,331.49)	8,405,244.11	7,689,582.27	(76,895.82)	7,612,686.45	7,601,532.26	(76,015.32)	7,525,516.94
Revolving materials	4,972,023.15	(49,720.23)	4,922,302.92	5,340,453.34	(103,124.76)	5,237,328.58	6,276,569.49	(62,765.69)	6,213,803.80	7,152,405.59	(222,694.38)	6,929,711.21
Low-value consumables	4,338,901.17	(43,389.01)	4,295,512.16	2,125,593.57	(64,644.95)	2,060,948.62	2,527,323.19	(25,273.23)	2,502,049.96	2,711,517.46	(27,115.17)	2,684,402.29
Other	6,465,857.86	–	6,465,857.86	7,348,489.29	–	7,348,489.29	9,065,022.53	–	9,065,022.53	4,861,027.55	–	4,861,027.55
Total	613,744,526.25	(104,492,265.08)	509,252,261.17	662,593,936.70	(73,276,552.36)	589,317,384.34	685,252,831.88	(109,528,303.46)	575,724,528.42	551,928,004.65	(108,833,041.05)	443,094,963.60

(2) Provision for write-down of inventories

2023

RMB

Category	1 January 2023	Additions		Decreases		31 December 2023
		Provision	Others	Reversal	Write-off	
Raw materials	102,908,879.69	171,630,641.52	–	–	(176,633,043.53)	97,906,477.68
Finished goods	5,449,119.87	6,429,882.43	–	–	(5,449,119.87)	6,429,882.43
Packaging materials	105,481.45	62,795.73	–	–	(105,481.45)	62,795.73
Revolving materials	81,938.35	49,720.23	–	–	(81,938.35)	49,720.23
Low-value consumables	121,756.42	43,389.01	–	–	(121,756.42)	43,389.01
Total	108,667,175.78	178,216,428.92	–	–	(182,391,339.62)	104,492,265.08

2024

RMB

Category	1 January 2024	Additions		Decreases		31 December 2024
		Provision	Others	Reversal	Write-off	
Raw materials	97,906,477.68	117,429,086.35	–	–	(159,014,708.24)	56,320,855.79
Finished goods	6,429,882.43	16,639,595.37	–	–	(6,429,882.43)	16,639,595.37
Packaging materials	62,795.73	148,331.49	–	–	(62,795.73)	148,331.49
Revolving materials	49,720.23	103,124.76	–	–	(49,720.23)	103,124.76
Low-value consumables	43,389.01	64,644.95	–	–	(43,389.01)	64,644.95
Total	104,492,265.08	134,384,782.92	–	–	(165,600,495.64)	73,276,552.36

2025

RMB

Category	1 January 2025	Additions		Decreases		31 December 2025
		Provision	Others	Reversal	Write-off	
Raw materials	56,320,855.79	217,712,809.26	–	–	(170,913,817.20)	103,119,847.85
Finished goods	16,639,595.37	6,243,520.87	–	–	(16,639,595.37)	6,243,520.87
Packaging materials	148,331.49	76,895.82	–	–	(148,331.49)	76,895.82
Revolving materials	103,124.76	62,765.69	–	–	(103,124.76)	62,765.69
Low-value consumables	64,644.95	25,273.23	–	–	(64,644.95)	25,273.23
Total	73,276,552.36	224,121,264.87	–	–	(187,869,513.77)	109,528,303.46

Six months ended 30 June 2026

RMB

Category	1 January 2026	Additions		Decreases		30 June 2026
		Provision	Others	Reversal	Write-off	
Raw materials	103,119,847.85	124,300,223.70	–	–	(123,466,608.19)	103,953,463.36
Finished goods	6,243,520.87	4,553,752.82	–	–	(6,243,520.87)	4,553,752.82
Packaging materials	76,895.82	76,015.32	–	–	(76,895.82)	76,015.32
Revolving materials	62,765.69	222,694.38	–	–	(62,765.69)	222,694.38
Low-value consumables	25,273.23	27,115.17	–	–	(25,273.23)	27,115.17
Total	109,528,303.46	129,179,801.39	–	–	(129,875,063.80)	108,833,041.05

5. *Long-term equity investments*

RMB

Investee	31 December 2023			31 December 2024			31 December 2025			30 June 2026		
	Cost	Provision for impairment	Carrying amount	Cost	Provision for impairment	Carrying amount	Cost	Provision for impairment	Carrying amount	Cost	Provision for impairment	Carrying amount
Investments in subsidiaries	6,487,196,870.56	(41,895,522.10)	6,445,301,348.46	6,664,677,103.01	(101,895,522.10)	6,562,781,580.91	6,875,455,087.22	(101,895,522.10)	6,773,559,565.12	9,619,791,458.68	(101,895,522.10)	9,517,895,936.58
Investments in associates	5,061,705.94	(4,057,671.36)	1,004,034.58	4,999,749.77	(4,057,671.36)	942,078.41	4,923,469.62	(4,057,671.36)	865,798.26	5,034,894.96	(4,057,671.36)	977,223.60
Total	6,492,258,576.50	(45,953,193.46)	6,446,305,383.04	6,669,676,852.78	(105,953,193.46)	6,563,723,659.32	6,880,378,556.84	(105,953,193.46)	6,774,425,363.38	9,624,826,353.64	(105,953,193.46)	9,518,873,160.18

(1) Investments in subsidiaries

31 December 2023

RMB

Investee	1 January 2023	Changes for the year				31 December 2023	Closing balance of impairment provision	Dividends declared for the year
		Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			
Leyuan Animal Husbandry	2,102,876,843.52	–	–	–	3,541,238.96	2,106,418,082.48	–	480,000,000.00
Banner Animal Husbandry	202,002,896.20	28,069,727.86	–	–	–	230,072,624.06	–	–
Hebei Guanwei	1,500,000.00	994,700.00	–	–	–	2,494,700.00	–	–
Taihang Dairy	112,429,570.75	4,127,500.00	–	–	122,102.47	116,679,173.22	–	50,000,000.00
Banner Dairy	196,012,793.61	118,518,162.49	–	–	602,145.63	315,133,101.73	–	–
Junheng Dairy	100,000,000.00	–	–	–	53,142.39	100,053,142.39	–	–
Leshi Dairy	79,427,040.78	5,000,000.00	–	–	172,400.16	84,599,440.94	–	–
Baoding Junlebao	11,551,827.40	6,450,000.00	–	–	53,287.32	18,055,114.72	–	–
Jiangsu Junlebao	65,546,951.40	3,154,200.00	–	–	–	68,701,151.40	–	–
Yongsheng Dairy	440,051,827.40	–	–	–	53,287.32	440,105,114.72	–	–
Siping Junlebao	440,140,000.00	–	–	–	–	440,140,000.00	–	–
Zhengyang Junlebao	150,051,827.40	75,000,000.00	–	–	53,287.32	225,105,114.72	–	–
Weixian Junlebao	50,051,827.40	–	–	–	53,287.32	50,105,114.72	–	–
Handan Junlebao	100,042,681.38	–	–	–	(42,681.38)	100,000,000.00	–	–
Cangzhou Junlebao	100,000,000.00	–	–	–	–	100,000,000.00	–	–
Zhengyang Junchang	1,000,000.00	–	–	–	–	1,000,000.00	–	30,000,000.00
Shanghai Junlebao	4,966,361.83	–	–	–	1,805,583.28	6,771,945.11	–	–
Beijing Junbao	6,140,307.44	–	–	–	5,417,330.83	11,557,638.27	–	–
Shijiazhuang Baokuwang	1,000,000.00	–	–	–	–	1,000,000.00	–	–
Guangdong Junlebao	5,332,305.04	5,000,000.00	–	–	672,092.42	11,004,397.46	–	–
Derong Packaging	585,016,197.33	–	–	–	–	585,016,197.33	–	–
Real Estate Company	–	–	–	(67,522.10)	67,522.10	–	(41,895,522.10)	–
Junlebao South China	–	47,190,000.00	–	–	–	47,190,000.00	–	–
Xi'an Yinqiao	–	507,500,000.00	–	–	–	507,500,000.00	–	–
Sikeqi Hebei	–	52,903,475.59	–	–	–	52,903,475.59	–	–
Lesson Dairy	–	539,595,819.60	–	–	–	539,595,819.60	–	–
Junlebao Enterprise Management	–	284,100,000.00	–	–	–	284,100,000.00	–	–
Total	4,755,141,258.88	1,677,603,585.54	–	(67,522.10)	12,624,026.14	6,445,301,348.46	(41,895,522.10)	560,000,000.00

31 December 2024

RMB

Investee	1 January 2024	Changes for the year				31 December 2024	Closing balance of impairment provision	Dividends declared for the year
		Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			
Leyuan Animal Husbandry	2,106,418,082.48	–	–	–	3,612,000.22	2,110,030,082.70	–	–
Banner Animal Husbandry	230,072,624.06	–	–	–	–	230,072,624.06	–	–
Hebei Guanwei	2,494,700.00	–	–	–	–	2,494,700.00	–	–
Taihang Dairy	116,679,173.22	–	–	–	167,193.63	116,846,366.85	–	–
Banner Dairy	315,133,101.73	–	–	–	566,565.00	315,699,666.73	–	–
Junheng Dairy	100,053,142.39	–	–	–	111,897.16	100,165,039.55	–	–
Leshi Dairy	84,599,440.94	82,900,807.00	–	–	138,241.22	167,638,489.16	–	–
Baoding Junlebao	18,055,114.72	–	–	–	42,729.10	18,097,843.82	–	–
Jiangsu Junlebao	68,701,151.40	–	–	–	–	68,701,151.40	–	–
Yongsheng Dairy	440,105,114.72	–	–	–	42,729.10	440,147,843.82	–	50,000,000.00
Siping Junlebao	440,140,000.00	–	–	–	–	440,140,000.00	–	–
Zhengyang Junlebao	225,105,114.72	–	–	–	42,729.10	225,147,843.82	–	–
Weixian Junlebao	50,105,114.72	–	–	–	42,729.10	50,147,843.82	–	150,000,000.00
Handan Junlebao	100,000,000.00	–	–	–	–	100,000,000.00	–	–
Cangzhou Junlebao	100,000,000.00	–	–	–	–	100,000,000.00	–	–
Zhengyang Junchang	1,000,000.00	–	(1,000,000.00)	–	–	–	–	13,830,080.86
Shanghai Junlebao	6,771,945.11	–	–	–	4,884,553.33	11,656,498.44	–	–
Beijing Junbao	11,557,638.27	–	–	–	2,399,442.57	13,957,080.84	–	–
Shijiazhuang Baokuwang	1,000,000.00	–	(1,000,000.00)	–	–	–	–	5,015,556.41
Guangdong Junlebao	11,004,397.46	–	–	–	1,052,840.66	12,057,238.12	–	–
Derong Packaging	585,016,197.33	–	–	–	–	585,016,197.33	–	49,994,050.00
Real Estate Company	–	–	–	–	142,175.26	142,175.26	(41,895,522.10)	–
Junlebao South China	47,190,000.00	12,000,000.00	–	–	–	59,190,000.00	–	–
Xi'an Yinqiao	507,500,000.00	–	–	–	–	507,500,000.00	–	–
Sikeqi Hebei	52,903,475.59	10,000,000.00	–	–	–	62,903,475.59	–	–
Lesson Dairy	539,595,819.60	–	–	–	–	539,595,819.60	–	5,798,589.87
Junlebao Enterprise Management *(Note 1)*	284,100,000.00	50,600,000.00	–	(60,000,000.00)	–	274,700,000.00	(60,000,000.00)	–
Anhui Junlebao Dairy	–	733,600.00	–	–	–	733,600.00	–	–
Hebei Jintaipu	–	10,000,000.00	–	–	–	10,000,000.00	–	–
Total	6,445,301,348.46	166,234,407.00	(2,000,000.00)	(60,000,000.00)	13,245,825.45	6,562,781,580.91	(101,895,522.10)	274,638,277.14

31 December 2025

RMB

Investee	1 January 2025	Changes for the year				31 December 2025	Closing balance of impairment provision	Dividends declared for the year
		Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			
Leyuan Animal Husbandry	2,110,030,082.70	–	–	–	2,814,428.30	2,112,844,511.00	–	897,500,000.00
Banner Animal Husbandry	230,072,624.06	–	–	–	–	230,072,624.06	–	–
Hebei Guanwei	2,494,700.00	–	–	–	–	2,494,700.00	–	–
Taihang Dairy	116,846,366.85	–	–	–	(115,147.59)	116,731,219.26	–	151,500,000.00
Banner Dairy	315,699,666.73	–	–	–	201,803.77	315,901,470.50	–	–
Junheng Dairy	100,165,039.55	–	–	–	21,544.72	100,186,584.27	–	42,000,000.00
Leshi Dairy	167,638,489.16	–	–	–	166,157.22	167,804,646.38	–	50,573,250.00
Baoding Junlebao	18,097,843.82	–	–	–	91,353.00	18,189,196.82	–	–
Jiangsu Junlebao	68,701,151.40	–	–	–	–	68,701,151.40	–	–
Yongsheng Dairy	440,147,843.82	–	–	–	(16,721.03)	440,131,122.79	–	65,000,000.00
Siping Junlebao	440,140,000.00	–	–	–	–	440,140,000.00	–	2,700,000.00
Zhengyang Junlebao	225,147,843.82	–	–	–	37,915.14	225,185,758.96	–	103,000,000.00
Weixian Junlebao	50,147,843.82	–	–	–	90,889.47	50,238,733.29	–	157,000,000.00
Handan Junlebao	100,000,000.00	–	–	–	–	100,000,000.00	–	37,000,000.00
Cangzhou Junlebao	100,000,000.00	–	–	–	19,448.05	100,019,448.05	–	11,000,000.00
Shanghai Junlebao	11,656,498.44	–	–	–	4,177,450.53	15,833,948.97	–	38,000,000.00
Beijing Junbao	13,957,080.84	–	–	–	4,189,867.22	18,146,948.06	–	–
Guangdong Junlebao	12,057,238.12	–	–	–	1,362,838.01	13,420,076.13	–	–
Derong Packaging	585,016,197.33	–	–	–	–	585,016,197.33	–	183,000,000.00
Real Estate Company	142,175.26	77,500,000.00	–	–	126,157.40	77,768,332.66	(41,895,522.10)	–
Junlebao South China	59,190,000.00	43,250,000.00	–	–	–	102,440,000.00	–	–
Xi'an Yinqiao	507,500,000.00	–	–	–	–	507,500,000.00	–	–
Sikeqi Hebei	62,903,475.59	–	–	–	–	62,903,475.59	–	–
Lesson Dairy	539,595,819.60	–	–	–	–	539,595,819.60	–	6,326,107.13
Junlebao Enterprise Management	274,700,000.00	20,000,000.00	–	–	–	294,700,000.00	(60,000,000.00)	–
Anhui Junlebao Dairy	733,600.00	56,860,000.00	–	–	–	57,593,600.00	–	–
Hebei Jintaipu	10,000,000.00	–	–	–	–	10,000,000.00	–	1,800,000.00
Total	6,562,781,580.91	197,610,000.00	–	–	13,167,984.21	6,773,559,565.12	(101,895,522.10)	1,746,399,357.13

30 June 2026

RMB

Investee	1 January 2026	Changes for the period				30 June 2026	Closing balance of impairment provision	Dividends declared for the period
		Additional investment	Reduction in investment	Provision for impairment loss	Share-based payments			
Leyuan Animal Husbandry	2,112,844,511.00	2,700,000,000.00	–	–	1,630,814.57	4,814,475,325.57	–	–
Banner Animal Husbandry	230,072,624.06	–	–	–	5,575.76	230,078,199.82	–	–
Hebei Guanwei	2,494,700.00	–	–	–	–	2,494,700.00	–	–
Taihang Dairy	116,731,219.26	–	–	–	40,619.16	116,771,838.42	–	–
Banner Dairy	315,901,470.50	–	–	–	214,146.50	316,115,617.00	–	–
Junheng Dairy	100,186,584.27	–	–	–	35,043.41	100,221,627.68	–	–
Leshi Dairy	167,804,646.38	–	–	–	94,330.95	167,898,977.33	–	–
Baoding Junlebao	18,189,196.82	–	–	–	52,820.10	18,242,016.92	–	–
Jiangsu Junlebao	68,701,151.40	–	–	–	–	68,701,151.40	–	–
Yongsheng Dairy	440,131,122.79	–	–	–	13,381.69	440,144,504.48	–	–
Siping Junlebao	440,140,000.00	–	–	–	–	440,140,000.00	–	–
Zhengyang Junlebao	225,185,758.96	–	–	–	18,957.57	225,204,716.53	–	–
Weixian Junlebao	50,238,733.29	–	–	–	52,526.37	50,291,259.66	–	–
Handan Junlebao	100,000,000.00	–	–	–	–	100,000,000.00	–	–
Cangzhou Junlebao	100,019,448.05	–	–	–	23,197.83	100,042,645.88	–	–
Shanghai Junlebao	15,833,948.97	–	–	–	2,515,066.79	18,349,015.76	–	–
Beijing Junbao	18,146,948.06	–	–	–	1,706,809.11	19,853,757.17	–	–
Guangdong Junlebao	13,420,076.13	–	–	–	870,002.95	14,290,079.08	–	–
Derong Packaging	585,016,197.33	–	–	–	–	585,016,197.33	–	–
Real Estate Company	77,768,332.66	23,000,000.00	–	–	63,078.70	100,831,411.36	(41,895,522.10)	–
Junlebao South China	102,440,000.00	–	–	–	–	102,440,000.00	–	–
Xi'an Yinqiao	507,500,000.00	–	–	–	–	507,500,000.00	–	–
Sikeqi Hebei	62,903,475.59	–	–	–	–	62,903,475.59	–	–
Lesson Dairy	539,595,819.60	–	–	–	–	539,595,819.60	–	–
Junlebao Enterprise Management	294,700,000.00	–	–	–	–	294,700,000.00	(60,000,000.00)	–
Anhui Junlebao Dairy	57,593,600.00	4,000,000.00	–	–	–	61,593,600.00	–	–
Hebei Jintaipu	10,000,000.00	–	–	–	–	10,000,000.00	–	–
Quanzhou Junlebao	–	10,000,000.00	–	–	–	10,000,000.00	–	–
Total	6,773,559,565.12	2,737,000,000.00	–	–	7,336,371.46	9,517,895,936.58	(101,895,522.10)	–

(2) Investments in associates

31 December 2023

RMB

Investee	1 January 2023	Changes for the year					31 December 2023	Closing balance of impairment provision
		Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Provision for impairment loss		
Sikeqi Hebei	6,427,854.18	–	(8,269,645.94)	1,841,791.76	–	–	–	–
Sinong	1,609,764.34	1,000,000.00	(1,969,713.38)	410,927.98	(1,050,978.94)	–	–	–
Shanghai Cheespirit	8,928,769.00	–	–	(4,871,097.64)	–	(4,057,671.36)	–	(4,057,671.36)
Henan Junlebao	–	400,000.00	–	(9,099.74)	–	–	390,900.26	–
Shandong Junlebao	–	600,000.00	–	13,134.32	–	–	613,134.32	–
Total	16,966,387.52	2,000,000.00	(10,239,359.32)	(2,614,343.32)	(1,050,978.94)	(4,057,671.36)	1,004,034.58	(4,057,671.36)

31 December 2024

RMB

Investee	1 January 2024	Changes for the year					31 December 2024	Closing balance of impairment provision
		Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Provision for impairment loss		
Shanghai Cheespirit	–	–	–	–	–	–	–	(4,057,671.36)
Henan Junlebao	390,900.26	–	–	(86,399.33)	–	–	304,500.93	–
Shandong Junlebao	613,134.32	–	–	24,443.16	–	–	637,577.48	–
Total	1,004,034.58	–	–	(61,956.17)	–	–	942,078.41	(4,057,671.36)

31 December 2025

RMB

Investee	1 January 2025	Changes for the year					31 December 2025	Closing balance of impairment provision
		Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Provision for impairment loss		
Shanghai Cheespirit	–	–	–	–	–	–	–	(4,057,671.36)
Henan Junlebao	304,500.93	–	–	(120,140.75)	–	–	184,360.18	–
Shandong Junlebao	637,577.48	–	–	43,860.60	–	–	681,438.08	–
Total	942,078.41	–	–	(76,280.15)	–	–	865,798.26	(4,057,671.36)

30 June 2026

RMB

Investee	1 January 2026	Changes for the period					30 June 2026	Closing balance of impairment provision
		Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Declare and distribute cash dividends or profits	Provision for impairment loss		
Shanghai Cheespirit	–	–	–	–	–	–	–	(4,057,671.36)
Henan Junlebao	184,360.18	–	–	61,260.14	–	–	245,620.32	–
Shandong Junlebao	681,438.08	-	–	50,165.20	–	–	731,603.28	–
Total	865,798.26	–	–	111,425.34	–	–	977,223.60	(4,057,671.36)

Note 1: Junlebao Enterprise Management was established in 2023 as an investment entity to hold and manage external equity investments, and the principal investment held by it was Mopai Group. The equity investment in Mopai Group was impaired for RMB60,000,000.00 in 2024 (as detailed in Note (VI) 10(2)), the Company recognised impairment on its investment in Junlebao Enterprise Management of RMB60,000,000.00, accordingly.

6. Fixed assets

(1) Details of fixed assets

RMB

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
I. Cost					
As at 1 January 2023	368,442,794.78	478,249,985.97	51,449,352.02	29,980,716.89	928,122,849.66
Additions	7,708,704.73	139,285,937.82	10,712,521.48	1,657,216.77	159,364,380.80
(1) Purchases	–	17,538,311.15	10,321,766.08	1,657,216.77	29,517,294.00
(2) Transfer from construction in progress	7,708,704.73	121,747,626.67	390,755.40	–	129,847,086.80
Decreases	(18,216,309.01)	(15,298,545.77)	(4,678,058.94)	(2,993,677.18)	(41,186,590.90)
(1) Disposals or write-offs	(3,811,853.86)	(12,353,697.83)	(4,678,058.94)	(2,993,677.18)	(23,837,287.81)
(2) Transfer to construction in progress	(14,404,455.15)	(2,944,847.94)	–	–	(17,349,303.09)
As at 31 December 2023	357,935,190.50	602,237,378.02	57,483,814.56	28,644,256.48	1,046,300,639.56
Additions	24,162,592.34	59,830,513.47	5,634,364.32	–	89,627,470.13
(1) Purchases	–	4,056,010.70	5,634,364.32	–	9,690,375.02
(2) Transfer from construction in progress	24,162,592.34	55,774,502.77	–	–	79,937,095.11
Decreases	(11,674.98)	(18,813,526.11)	(5,583,842.39)	(694,203.46)	(25,103,246.94)
(1) Disposals or write-offs	(11,674.98)	(9,981,627.67)	(5,583,842.39)	(694,203.46)	(16,271,348.50)
(2) Transfer to construction in progress	–	(8,831,898.44)	–	–	(8,831,898.44)
As at 31 December 2024	382,086,107.86	643,254,365.38	57,534,336.49	27,950,053.02	1,110,824,862.75
Additions	4,111,724.66	48,238,680.18	5,763,585.95	107,317.96	58,221,308.75
(1) Purchases	–	21,419,269.82	5,763,585.95	107,317.96	27,290,173.73
(2) Transfer from construction in progress	4,111,724.66	26,819,410.36	–	–	30,931,135.02
Decreases	(1,073,710.71)	(37,255,342.74)	(7,806,207.98)	(889,271.21)	(47,024,532.64)
(1) Disposals or write-offs	(1,073,710.71)	(37,255,342.74)	(7,806,207.98)	(889,271.21)	(47,024,532.64)
As at 31 December 2025	385,124,121.81	654,237,702.82	55,491,714.46	27,168,099.77	1,122,021,638.86
Additions	665,714,294.43	11,930,009.70	2,306,224.41	91,032.46	680,041,561.00
(1) Purchases	664,687,412.42	2,184,419.99	1,772,818.88	91,032.46	668,735,683.75
(2) Transfer from construction in progress	1,026,882.01	9,745,589.71	533,405.53	–	11,305,877.25
Decreases	(315,205.56)	(4,211,189.26)	(21,620,825.33)	(147,313.02)	(26,294,533.17)
(1) Disposals or write-offs	(315,205.56)	(4,211,189.26)	(21,620,825.33)	(147,313.02)	(26,294,533.17)
As at 30 June 2026	1,050,523,210.68	661,956,523.26	36,177,113.54	27,111,819.21	1,775,768,666.69

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
II. Accumulated depreciation					
As at 1 January 2023	91,816,482.85	225,725,608.97	30,496,635.89	22,437,718.03	370,476,445.74
Additions	18,251,630.66	50,557,850.91	7,216,688.67	2,952,525.49	78,978,695.73
(1) Charge for the year	18,251,630.66	50,557,850.91	7,216,688.67	2,952,525.49	78,978,695.73
Decreases	(7,043,046.97)	(4,617,576.05)	(3,970,651.67)	(2,893,737.65)	(18,525,012.34)
(1) Disposals or write-offs	(871,938.30)	(2,560,099.98)	(3,970,651.67)	(2,893,737.65)	(10,296,427.60)
(2) Transfer to construction in progress	(6,171,108.67)	(2,057,476.07)	–	–	(8,228,584.74)
As at 31 December 2023	103,025,066.54	271,665,883.83	33,742,672.89	22,496,505.87	430,930,129.13
Additions	18,339,623.92	51,610,901.76	11,814,714.19	2,596,379.98	84,361,619.85
(1) Charge for the year	18,339,623.92	51,610,901.76	11,814,714.19	2,596,379.98	84,361,619.85
Decreases	(9,106.97)	(11,666,003.28)	(3,868,327.95)	(673,377.35)	(16,216,815.55)
(1) Disposals or write-offs	(9,106.97)	(7,084,194.87)	(3,868,327.95)	(673,377.35)	(11,635,007.14)
(2) Transfer to construction in progress	–	(4,581,808.41)	–	–	(4,581,808.41)
As at 31 December 2024	121,355,583.49	311,610,782.31	41,689,059.13	24,419,508.50	499,074,933.43
Additions	17,814,319.33	54,409,730.92	6,733,489.71	1,890,204.25	80,847,744.21
(1) Charge for the year	17,814,319.33	54,409,730.92	6,733,489.71	1,890,204.25	80,847,744.21
Decreases	(399,241.44)	(12,518,496.09)	(7,337,725.05)	(862,593.08)	(21,118,055.66)
(1) Disposals or write-offs	(399,241.44)	(12,518,496.09)	(7,337,725.05)	(862,593.08)	(21,118,055.66)
As at 31 December 2025	138,770,661.38	353,502,017.14	41,084,823.79	25,447,119.67	558,804,621.98
Additions	12,470,194.61	23,725,438.48	3,198,441.02	589,671.85	39,983,745.96
(1) Charge for the period	12,470,194.61	23,725,438.48	3,198,441.02	589,671.85	39,983,745.96
Decreases	(249,101.40)	(3,433,698.22)	(20,831,034.61)	(142,893.63)	(24,656,727.86)
(1) Disposals or write-offs	(249,101.40)	(3,433,698.22)	(20,831,034.61)	(142,893.63)	(24,656,727.86)
As at 30 June 2026	150,991,754.59	373,793,757.40	23,452,230.20	25,893,897.89	574,131,640.08
III. Provision for impairment					
As at 1 January 2023	–	40,144,232.39	–	–	40,144,232.39
Additions	–	657,275.40	–	–	657,275.40
(1) Charge for the year	–	657,275.40	–	–	657,275.40
Decreases	–	(3,992,150.87)	–	–	(3,992,150.87)
(1) Write-off	–	(3,992,150.87)	–	–	(3,992,150.87)
As at 31 December 2023	–	36,809,356.92	–	–	36,809,356.92
Decreases	–	(878,205.60)	–	–	(878,205.60)
(1) Write-off	–	(878,205.60)	–	–	(878,205.60)
As at 31 December 2024	–	35,931,151.32	–	–	35,931,151.32
Additions	–	764,934.56	–	–	764,934.56
(1) Charge for the year	–	764,934.56	–	–	764,934.56
Decreases	–	(800,800.00)	–	–	(800,800.00)
(1) Write-off	–	(800,800.00)	–	–	(800,800.00)
As at 31 December 2025	–	35,895,285.88	–	–	35,895,285.88
Additions	–	–	–	–	–
(1) Charge for the period	–	–	–	–	–

Items	Plants and buildings	Machinery and equipment	Office equipment	Motor vehicles	Total
Decreases	–	(22,644.42)	–	–	(22,644.42)
(1) Write-off	–	(22,644.42)	–	–	(22,644.42)
As at 30 June 2026	–	35,872,641.46	–	–	35,872,641.46
IV. Carrying amount					
As at 31 December 2023	254,910,123.96	293,762,137.27	23,741,141.67	6,147,750.61	578,561,153.51
As at 31 December 2024	260,730,524.37	295,712,431.75	15,845,277.36	3,530,544.52	575,818,778.00
As at 31 December 2025	246,353,460.43	264,840,399.80	14,406,890.67	1,720,980.10	527,321,731.00
As at 30 June 2026	899,531,456.09	252,290,124.40	12,724,883.34	1,217,921.32	1,165,764,385.15

(2) Temporarily idle fixed assets

As at 31 December 2023

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	43,550,781.57	(5,430,344.62)	(36,793,763.69)	1,326,673.26

As at 31 December 2024

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	40,456,986.78	(3,039,413.74)	(35,888,309.56)	1,529,263.48

As at 31 December 2025

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	41,293,181.79	(4,249,483.18)	(35,802,344.34)	1,241,354.27

As at 30 June 2026

RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery and equipment	40,527,615.51	(3,667,658.71)	(35,641,569.52)	1,218,387.28

(3) Fixed assets leased out under operating leases

As at 31 December 2023

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	66,593,445.03	(26,758,168.04)	39,835,276.99
Total	66,593,445.03	(26,758,168.04)	39,835,276.99

As at 31 December 2024

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	66,561,960.77	(29,958,313.11)	36,603,647.66
Machinery and equipment	1,893,808.42	(1,219,205.11)	674,603.31
Total	68,455,769.19	(31,177,518.22)	37,278,250.97

As at 31 December 2025

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	66,434,274.25	(33,091,581.80)	33,342,692.45
Total	66,434,274.25	(33,091,581.80)	33,342,692.45

As at 30 June 2026

RMB

Items	Cost	Accumulated depreciation	Carrying amount
Plants and buildings	90,878,313.53	(32,952,583.05)	57,925,730.48
Total	90,878,313.53	(32,952,583.05)	57,925,730.48

(4) Fixed assets pending certificates of ownership

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026	Reason why the certificates of ownership is not completed
Plants and buildings	123,399,109.68	7,266,293.18	4,277,997.99	3,965,195.33	In process

Note: As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company has no fixed assets with restricted ownership rights.

7. Intangible assets

RMB

Items	Land use rights	Computer software	Non-patented technology	Trademarks	Total
I. Cost					
As at 1 January 2023	81,565,872.13	70,869,439.07	–	3,329,374.34	155,764,685.54
Additions	–	24,554,811.66	–	157,199.96	24,712,011.62
(1) Purchases	–	7,789,476.52	–	157,199.96	7,946,676.48
(2) Transfer from construction in progress	–	16,765,335.14	–	–	16,765,335.14
Decreases	–	(1,358,212.61)	–	–	(1,358,212.61)
(1) Disposals	–	(1,358,212.61)	–	–	(1,358,212.61)
As at 31 December 2023	81,565,872.13	94,066,038.12	–	3,486,574.30	179,118,484.55
Additions	–	43,466,031.45	–	–	43,466,031.45
(1) Purchases	–	8,690,000.06	–	–	8,690,000.06
(2) Transfer from construction in progress	–	34,776,031.39	–	–	34,776,031.39
Decreases	–	(3,825,378.45)	–	–	(3,825,378.45)
(1) Disposals	–	(3,825,378.45)	–	–	(3,825,378.45)
As at 31 December 2024	81,565,872.13	133,706,691.12	–	3,486,574.30	218,759,137.55
Additions	10,821,990.81	49,644,492.02	–	297,169.81	60,763,652.64
(1) Purchases	10,821,990.81	3,557,742.09	–	297,169.81	14,676,902.71
(2) Transfer from construction in progress	–	46,086,749.93	–	–	46,086,749.93
Decreases	–	(1,921,390.03)	–	–	(1,921,390.03)
(1) Disposals	–	(1,921,390.03)	–	–	(1,921,390.03)
As at 31 December 2025	92,387,862.94	181,429,793.11	–	3,783,744.11	277,601,400.16
Additions	–	12,134,788.14	4,380,000.00	40,700.00	16,555,488.14
(1) Purchases	–	1,238,086.70	4,380,000.00	40,700.00	5,658,786.70
(2) Transfer from construction in progress	–	10,896,701.44	–	–	10,896,701.44
Decreases	–	(4,010,536.74)	–	–	(4,010,536.74)
(1) Disposals	–	(4,010,536.74)	–	–	(4,010,536.74)
As at 30 June 2026	92,387,862.94	189,554,044.51	4,380,000.00	3,824,444.11	290,146,351.56
II. Accumulated amortisation					
As at 1 January 2023	11,860,561.46	52,033,163.01	–	514,385.15	64,408,109.62
Additions	1,822,735.15	8,665,022.64	–	342,289.20	10,830,046.99
(1) Charge for the year	1,822,735.15	8,665,022.64	–	342,289.20	10,830,046.99
Decreases	–	(1,358,212.61)	–	–	(1,358,212.61)
(1) Disposals	–	(1,358,212.61)	–	–	(1,358,212.61)
As at 31 December 2023	13,683,296.61	59,339,973.04	–	856,674.35	73,879,944.00
Additions	1,822,735.15	14,443,513.05	–	347,808.98	16,614,057.18
(1) Charge for the year	1,822,735.15	14,443,513.05	–	347,808.98	16,614,057.18
Decreases	–	(2,930,883.96)	–	–	(2,930,883.96)
(1) Disposals	–	(2,930,883.96)	–	–	(2,930,883.96)

Items	Land use rights	Computer software	Non-patented technology	Trademarks	Total
As at 31 December 2024	15,506,031.76	70,852,602.13	–	1,204,483.33	87,563,117.22
Additions	1,983,789.62	24,558,636.03	–	387,706.79	26,930,132.44
(1) Charge for the year	1,983,789.62	24,558,636.03	–	387,706.79	26,930,132.44
Decreases	–	(1,921,390.04)	–	–	(1,921,390.04)
(1) Disposals	–	(1,921,390.04)	–	–	(1,921,390.04)
As at 31 December 2025	17,489,821.38	93,489,848.12	–	1,592,190.12	112,571,859.62
Additions	1,018,959.99	15,972,894.01	219,000.00	188,985.25	17,399,839.25
(1) Charge for the period	1,018,959.99	15,972,894.01	219,000.00	188,985.25	17,399,839.25
Decreases	–	(3,635,240.94)	–	–	(3,635,240.94)
(1) Disposals	–	(3,635,240.94)	–	–	(3,635,240.94)
As at 30 June 2026	18,508,781.37	105,827,501.19	219,000.00	1,781,175.37	126,336,457.93
III. Carrying amount					
As at 31 December 2023	67,882,575.52	34,726,065.08	–	2,629,899.95	105,238,540.55
As at 31 December 2024	66,059,840.37	62,854,088.99	–	2,282,090.97	131,196,020.33
As at 31 December 2025	74,898,041.56	87,939,944.99	–	2,191,553.99	165,029,540.54
As at 30 June 2026	73,879,081.57	83,726,543.32	4,161,000.00	2,043,268.74	163,809,893.63

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had no intangible assets with restricted ownership rights.

8. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

RMB

	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
Items	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Contract liabilities	791,142,602.40	197,785,650.60	819,344,558.40	204,836,139.60	703,754,810.08	175,938,702.52	607,937,224.49	151,984,306.12
Deferred income	365,052,876.96	91,263,219.24	309,851,305.91	77,462,826.48	280,143,606.90	70,035,901.72	251,814,310.95	62,953,577.74
Accounts payable/Other Payables	407,992,395.84	101,998,098.96	174,949,587.43	43,737,396.86	259,085,457.37	64,771,364.34	353,414,836.57	88,353,709.14
Provision for impairment of inventories	104,492,265.08	26,123,066.27	73,276,552.36	18,319,138.09	109,528,303.46	27,382,075.86	108,833,041.05	27,208,260.26
Share-based payments	54,450,104.14	13,612,526.04	81,376,522.59	20,344,130.65	107,831,929.75	26,957,982.44	124,695,465.64	31,173,866.41
Credit loss allowance	92,785,175.00	23,196,293.75	89,795,532.47	22,448,883.12	99,698,739.01	24,924,684.75	39,229,202.76	9,807,300.69
Provision for impairment of assets	82,762,550.38	20,690,637.59	81,884,344.78	20,471,086.20	81,848,479.34	20,462,119.84	81,825,834.92	20,456,458.73
Losses from changes in fair values	59,598,335.00	14,899,583.75	59,598,335.00	14,899,583.75	59,598,335.00	14,899,583.75	59,598,335.00	14,899,583.75

Items	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Tax losses	534,243,322.60	133,560,830.65	66,061,598.48	16,515,399.62	43,930,885.99	10,982,721.50	–	–
Lease liabilities	14,726,542.54	3,681,635.63	17,688,140.77	4,422,035.19	27,858,736.64	6,964,684.16	27,457,431.78	6,864,357.95
Total	2,507,246,169.94	626,811,542.48	1,773,826,478.19	443,456,619.56	1,773,279,283.54	443,319,820.88	1,654,805,683.16	413,701,420.79

(2) Deferred tax liabilities before offsetting

RMB

Items	31 December 2023		31 December 2024		31 December 2025		30 June 2026	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Difference in depreciation of fixed assets	87,553,538.80	21,888,384.70	77,362,261.63	19,340,565.41	75,381,260.29	18,845,315.07	69,262,228.66	17,315,557.16
Right-of-use assets	15,434,637.60	3,858,659.40	19,081,614.27	4,770,403.57	28,555,259.94	7,138,814.99	35,179,358.91	8,794,839.73
Gains from changes in fair value of derivative financial instruments and other equity instrument investments, and unrealised investment income	27,923,273.83	6,980,818.46	–	–	–	–	–	–
Total	130,911,450.23	32,727,862.56	96,443,875.90	24,110,968.98	103,936,520.23	25,984,130.06	104,441,587.57	26,110,396.89

(3) Deferred tax assets or liabilities that are presented at the net amount after offsetting

RMB

Items	Year/Period-end offsetting amount for deferred tax assets and liabilities			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Deferred tax assets	32,727,862.56	24,110,968.98	25,984,130.06	26,110,396.89
Deferred tax liabilities	32,727,862.56	24,110,968.98	25,984,130.06	26,110,396.89

RMB

Items	Closing balance of deferred tax assets or liabilities after offsetting			
	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Deferred tax assets . .	594,083,679.92	419,345,650.58	417,335,690.82	387,591,023.90

(4) Details of unrecognised deferred tax assets

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Deductible temporary differences	–	60,000,000.00	60,000,000.00	60,000,000.00
Total	–	60,000,000.00	60,000,000.00	60,000,000.00

9. Other non-current assets

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Long-term intercompany loans to subsidiaries	1,209,840,714.12	1,977,568,289.83	1,994,711,127.83	456,340,000.00
Prepayments for land use rights	45,617,920.00	42,997,254.70	36,580,054.05	36,477,210.05
Prepayments for construction and equipment	7,179,903.71	6,059,728.55	4,847,537.14	3,540,876.72
Total	1,262,638,537.83	2,026,625,273.08	2,036,138,719.02	496,358,086.77

10. Short-term borrowings

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Unsecured borrowings . .	100,000,000.00	561,345,431.94	240,168,194.44	200,100,000.00
Guaranteed borrowings .	190,258,888.89	788,589,144.45	400,268,277.77	999,599,472.50
Total	290,258,888.89	1,349,934,576.39	640,436,472.21	1,199,699,472.50

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company obtained short-term borrowings of RMB190,258,888.89, RMB788,589,144.45, RMB400,268,277.77 and RMB999,599,472.50 which were guaranteed by entities within the Group.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the above borrowings carried interest at annual rates ranging 3.50%-3.80%, 2.60%-2.90%, 2.11%-2.90% and 2.10%~2.45%, respectively.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had no short-term borrowings overdue but not yet paid.

11. Bills payable

RMB

Category	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Bank acceptances bills	263,091,320.27	359,124,802.69	684,239,143.74	372,389,929.27
Commercial acceptance bills	230,000,000.00	–	–	–
Total	493,091,320.27	359,124,802.69	684,239,143.74	372,389,929.27

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Group had no bills payable overdue but not yet paid.

12. Accounts payable

(1) Disclosed by aging

RMB

Aging	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Within 1 year (inclusive)	1,410,282,752.84	1,652,184,101.32	2,227,707,076.12	2,154,167,332.97
1-2 years (inclusive)	6,357,851.64	71,995,855.24	2,083,360.81	677,360.22
2-3 years (inclusive)	600,725.80	62,392.00	13,057.58	264,295.27
Over 3 years	64,813.57	44,740.00	–	–
Total	1,417,306,143.85	1,724,287,088.56	2,229,803,494.51	2,155,108,988.46

Accounts payable are non-interest-bearing and are generally settled within 3 to 6 months.

(2) Disclosed by the nature of accounts payable

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Payables for purchase of goods	1,342,227,856.86	1,558,275,343.34	2,081,822,535.64	2,053,503,294.72
Payables for freight	75,078,286.99	166,011,745.22	147,980,958.87	101,605,693.74
Total	1,417,306,143.85	1,724,287,088.56	2,229,803,494.51	2,155,108,988.46

(3) Accounts payable aged over one year or overdue

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had no significant accounts payable aged over one year and no significant accounts payable overdue but not yet paid.

13. Contract liabilities

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Receipts in advance on sales of goods *(Note 1, Note 2)*	1,155,976,077.60	1,269,793,171.02	1,033,112,648.71	908,233,847.73
Total	1,155,976,077.60	1,269,793,171.02	1,033,112,648.71	908,233,847.73

Note 1: For the sale of goods, revenue is recognised when control of the goods has been transferred to the customers. When a customer makes an advance payment, the Group recognises the transaction price received as a contract liability until control of the goods has been transferred to the customer.

Contract liabilities are also recognised for the sales incentives granted to the customers if they purchase over a certain value, as the Group has determined that the sales incentives given to the customers provide those customers with a material right. Revenue from the sales incentive is recognised when the incentives are redeemed by the customer and the control of the corresponding goods has been transferred to the customer.

Note 2: During the year ended 31 December 2023, contract liabilities with a carrying amount of RMB1,587,445,946.02 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 31 December 2023 is expected to be recognised as revenue in 2024 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

During the year ended 31 December 2024, contract liabilities with a carrying amount of RMB1,115,404,952.78 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 31 December 2024 is expected to be recognised as revenue in 2025 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

During the year ended 31 December 2025, contract liabilities with a carrying amount of RMB1,142,417,301.85 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 31 December 2025 is expected to be recognised as revenue in 2026 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

During the six months ended 30 June 2026, contract liabilities with a carrying amount of RMB774,840,961.99 as at the beginning of the year were recognised as revenue. The carrying amount of contract liabilities as of 30 June 2026 is expected to be recognised as revenue in the second half of 2026 and subsequent years. Contract liabilities to be recognised as revenue more than one year relate to the unused sales incentives, which have no expiration and can be redeemed anytime at customers' discretion.

14. Taxes payable

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Individual income tax	2,484,017.83	2,931,132.55	64,687,014.68	2,657,274.32
VAT	11,051,784.56	2,615,121.76	31,078,977.18	10,915,808.83
Stamp tax	2,128,793.71	2,366,859.87	2,407,076.84	2,412,207.05
Urban maintenance and construction tax	699,750.57	188,648.02	2,260,671.14	768,135.12
Education surcharge	299,893.11	80,849.17	968,859.05	329,200.77
Local education surcharge	199,928.72	53,899.45	645,906.04	219,467.18
Real estate tax	30,249.36	23,843.95	24,540.15	24,540.15
Other taxes	5,557.32	5,394.10	5,596.32	5,685.63
Total	16,899,975.18	8,265,748.87	102,078,641.40	17,332,319.05

15. Other payables

15.1 Summary of other payables

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Dividends payable	193,013,110.00	–	–	–
Other payables	1,112,612,674.68	844,173,115.96	1,116,741,866.87	1,136,363,161.26
Total	1,305,625,784.68	844,173,115.96	1,116,741,866.87	1,136,363,161.26

15.2 Dividends payable

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Dividends payable	193,013,110.00	–	–	–
Total	193,013,110.00	–	–	–

15.3 Other payables

(1) Disclosed by the nature of other payables:

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Loans payable to intra-group companies	–	133,722,270.45	368,537,330.69	354,002,179.15
Security deposits	213,484,283.68	196,012,610.65	199,704,022.43	174,077,208.11
Accrued promotion and other expenses	97,752,101.09	96,934,065.23	171,287,256.41	147,839,791.12
Out-of-pocket expenses payable to distributors	240,240,190.01	214,379,646.35	160,117,482.64	163,006,409.67
Payables and accruals for advertising expenses	472,994,224.01	100,299,220.82	93,492,955.59	201,921,799.52
Service fee payable	48,477,615.91	62,616,677.48	70,976,696.58	50,490,986.74
Payables for purchase of long-term asset	16,431,398.30	20,008,470.13	16,746,735.83	11,820,729.43
Payables for purchase of equity interests	–	602,500.00	–	–
Others	23,232,861.68	19,597,654.85	35,879,386.70	33,204,057.52
Total	1,112,612,674.68	844,173,115.96	1,116,741,866.87	1,136,363,161.26

(2) Significant other payables with aging of more than one year or overdue

As of 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had accounts payable to distributors that had been outstanding for more than one year, amounting to RMB19,873,834.65, RMB25,792,932.71, RMB22,243,679.85 and RMB20,869,830.38, respectively, and there were no other significant other payables aging more than one year or overdue but unpaid.

16. Non-current liabilities due within one year

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Long-term borrowings due within one year	875,175,234.33	1,625,669,809.64	868,711,154.42	519,115,310.83
Lease liabilities due within one year	5,135,056.17	3,880,861.47	8,474,520.78	8,698,830.18
Total	880,310,290.50	1,629,550,671.11	877,185,675.20	527,814,141.01

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company had no non-current liabilities due within one year overdue but not yet paid.

17. Long-term borrowings

RMB

Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Unsecured borrowings	1,946,710,095.09	1,854,807,459.71	2,184,219,269.45	1,854,579,479.17
Guaranteed borrowings	3,628,832,461.86	3,419,984,291.46	4,026,663,826.50	4,240,957,773.19
Total	5,575,542,556.95	5,274,791,751.17	6,210,883,095.95	6,095,537,252.36
Less: Long-term borrowings due within one year	875,175,234.33	1,625,669,809.64	868,711,154.42	519,115,310.83
Including: Unsecured borrowings	761,484,714.00	83,807,459.71	359,219,269.45	252,829,479.17
Guaranteed borrowings	113,690,520.33	1,541,862,349.93	509,491,884.97	266,285,831.66
Long-term borrowings due after one year	4,700,367,322.62	3,649,121,941.53	5,342,171,941.53	5,576,421,941.53

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company obtained long-term borrowings of RMB3,628,832,461.86, RMB3,419,984,291.46, RMB4,026,663,826.50 and RMB4,240,957,773.19, which were guaranteed by entities within the Group, of which the long-term borrowings of RMB113,690,520.33, RMB1,541,862,349.93, RMB509,491,884.97 and RMB266,285,831.66 was due within one year.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the annual interest rates on the above borrowings were 3.00%-5.18%, 2.40%-4.05%, 2.30%-3.20% and 2.30%~3.20%, respectively.

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Company has no long-term borrowings overdue but not yet paid.

18. Deferred income

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
Government grants related to assets	360,196,921.14	39,051,858.75	(61,471,367.09)	337,777,412.80
Government grants related to income	20,227,845.94	14,008,863.44	(6,961,245.22)	27,275,464.16
Total	380,424,767.08	53,060,722.19	(68,432,612.31)	365,052,876.96

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
Government grants related to assets	337,777,412.80	11,417,000.00	(57,404,422.64)	291,789,990.16
Government grants related to income	27,275,464.16	4,149,400.00	(13,363,548.41)	18,061,315.75
Total	365,052,876.96	15,566,400.00	(70,767,971.05)	309,851,305.91

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
Government grants related to assets	291,789,990.16	40,850,000.00	(60,336,248.36)	272,303,741.80
Government grants related to income	18,061,315.75	1,339,447.59	(11,560,898.24)	7,839,865.10
Total	309,851,305.91	42,189,447.59	(71,897,146.60)	280,143,606.90

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
Government grants related to assets	291,789,990.16	40,850,000.00	(30,307,603.63)	302,332,386.53
Government grants related to income	18,061,315.75	–	(3,066,572.20)	14,994,743.55
Total	309,851,305.91	40,850,000.00	(33,374,175.83)	317,327,130.08

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
Government grants related to assets	272,303,741.80	1,400,000.00	(29,104,955.97)	244,598,785.83
Government grants related to income	7,839,865.10	2,459,500.00	(3,083,839.98)	7,215,525.12
Total	280,143,606.90	3,859,500.00	(32,188,795.95)	251,814,310.95

19. Capital reserve

2023

RMB

Items	1 January 2023	Additions	Decreases	31 December 2023
Capital premium				
(Note VI (37) Note 1, 4)	(2,598,263,320.00)	5,896,058,077.00	(1,973,193,823.78)	1,324,600,933.22
Other capital reserve				
(Note VI (37) Note 1, 5)	37,601,325.95	41,828,229.62	(58,956,692.69)	20,472,862.88
Total	(2,560,661,994.05)	5,937,886,306.62	(2,032,150,516.47)	1,345,073,796.10

2024

RMB

Items	1 January 2024	Additions	Decreases	31 December 2024
Capital premium	1,324,600,933.22	–	–	1,324,600,933.22
Other capital reserve				
(Note VI (37) Note 5)	20,472,862.88	40,172,243.88	–	60,645,106.76
Total	1,345,073,796.10	40,172,243.88	–	1,385,246,039.98

2025

RMB

Items	1 January 2025	Additions	Decreases	31 December 2025
Capital premium	1,324,600,933.22	–	–	1,324,600,933.22
Other capital reserve				
(Note VI (37) Note 5)	60,645,106.76	39,623,391.38	–	100,268,498.14
Total	1,385,246,039.98	39,623,391.38	–	1,424,869,431.36

Six months ended 30 June 2025 (Unaudited)

RMB

Items	1 January 2025	Additions	Decreases	30 June 2025
Capital premium	1,324,600,933.22	–	–	1,324,600,933.22
Other capital reserve *(Note VI (37) Note 5)*	60,645,106.76	21,419,018.47	–	82,064,125.23
Total	1,385,246,039.98	21,419,018.47	–	1,406,665,058.45

Six months ended 30 June 2026

RMB

Items	1 January 2026	Additions	Decreases	30 June 2026
Capital premium	1,324,600,933.22	–	–	1,324,600,933.22
Other capital reserve *(Note VI (37) Note 5)*	100,268,498.14	24,199,907.73	–	124,468,405.87
Total	1,424,869,431.36	24,199,907.73	–	1,449,069,339.09

20. *Revenue and operating costs*

(1) Revenue and operating costs

RMB

Items	2023		2024		2025		Six months ended 30 June 2025 (Unaudited)		Six months ended 30 June 2026	
	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs	Revenue	Operating costs
Principal activities	14,183,033,096.36	9,961,845,737.06	15,630,436,415.84	11,251,489,943.20	15,821,339,496.76	11,911,339,872.98	7,719,043,767.50	5,685,935,940.57	8,345,101,207.20	6,307,390,699.09
Other operating activities	667,230,895.97	624,898,306.48	798,359,372.43	784,618,622.11	853,782,341.27	961,293,194.98	474,780,905.59	525,491,455.78	434,796,976.09	453,289,591.01
Total	14,850,263,992.33	10,586,744,043.54	16,428,795,788.27	12,036,108,565.31	16,675,121,838.03	12,872,633,067.96	8,193,824,673.09	6,211,427,396.35	8,779,898,183.29	6,760,680,290.10

(2) Revenue from principal activities

RMB

	2023			
Categories of contracts	Formula	Liquid milk and other dairy products	Dairy farming	Total
By sales channel:				
Distributors	4,198,916,813.08	8,072,256,129.95	–	12,271,172,943.03
Direct sales	544,147,509.85	1,355,894,801.28	11,817,842.20	1,911,860,153.33
Total	4,743,064,322.93	9,428,150,931.23	11,817,842.20	14,183,033,096.36
By geographical regions:				
Chinese Mainland	4,741,296,116.40	9,428,150,931.23	11,817,842.20	14,181,264,889.83
Overseas	1,768,206.53	–	–	1,768,206.53
Total	4,743,064,322.93	9,428,150,931.23	11,817,842.20	14,183,033,096.36
By timing of recognition:				
At a point in time	4,743,064,322.93	9,428,150,931.23	11,817,842.20	14,183,033,096.36
Over time	–	–	–	–
Total	4,743,064,322.93	9,428,150,931.23	11,817,842.20	14,183,033,096.36

RMB

	2024		
Categories of contracts	Formula	Liquid milk and other dairy products	Total
By sales channel:			
Distributors	4,555,307,414.34	8,632,226,400.47	13,187,533,814.81
Direct sales	593,335,558.52	1,849,567,042.51	2,442,902,601.03
Total	5,148,642,972.86	10,481,793,442.98	15,630,436,415.84
By geographical regions:			
Chinese Mainland	5,148,642,972.86	10,481,764,961.71	15,630,407,934.57
Overseas	–	28,481.27	28,481.27
Total	5,148,642,972.86	10,481,793,442.98	15,630,436,415.84
By timing of revenue recognition:			
At a point in time	5,148,642,972.86	10,481,793,442.98	15,630,436,415.84
Over time	–	–	–
Total	5,148,642,972.86	10,481,793,442.98	15,630,436,415.84

RMB

	2025		
Categories of contracts	**Formula**	**Liquid milk and other dairy products**	**Total**
By sales channel:			
Distributors	3,732,713,902.47	9,101,679,447.86	12,834,393,350.33
Direct sales	559,771,046.91	2,427,175,099.52	2,986,946,146.43
Total	4,292,484,949.38	11,528,854,547.38	15,821,339,496.76
By geographical regions:			
Chinese Mainland	4,291,535,883.85	11,528,170,154.37	15,819,706,038.22
Overseas	949,065.53	684,393.01	1,633,458.54
Total	4,292,484,949.38	11,528,854,547.38	15,821,339,496.76
By timing of revenue recognition:			
At a point in time	4,292,484,949.38	11,528,854,547.38	15,821,339,496.76
Over time	–	–	–
Total	4,292,484,949.38	11,528,854,547.38	15,821,339,496.76

RMB

	Six months ended 30 June 2025 (Unaudited)		
Categories of contracts	**Formula**	**Liquid milk and other dairy products**	**Total**
By sales channel:			
Distributors	2,052,919,493.26	4,325,108,354.52	6,378,027,847.78
Direct sales	280,157,411.69	1,060,858,508.03	1,341,015,919.72
Total	2,333,076,904.95	5,385,966,862.55	7,719,043,767.50
By geographical regions:			
Chinese Mainland	2,332,127,839.42	5,385,966,862.55	7,718,094,701.97
Overseas	949,065.53	–	949,065.53
Total	2,333,076,904.95	5,385,966,862.55	7,719,043,767.50
By timing of revenue recognition:			
At a point in time	2,333,076,904.95	5,385,966,862.55	7,719,043,767.50
Over time	–	–	–
Total	2,333,076,904.95	5,385,966,862.55	7,719,043,767.50

RMB

	Six months ended 30 June 2026		
Categories of contracts	**Formula**	**Liquid milk and other dairy products**	**Total**
By sales channel:			
Distributors	1,669,573,030.05	4,857,069,056.52	6,526,642,086.57
Direct sales	218,087,608.77	1,600,371,511.86	1,818,459,120.63
Total	1,887,660,638.82	6,457,440,568.38	8,345,101,207.20
By geographical regions:			
Chinese Mainland	1,887,660,638.82	6,453,483,823.27	8,341,144,462.09
Overseas	–	3,956,745.11	3,956,745.11
Total	1,887,660,638.82	6,457,440,568.38	8,345,101,207.20
By timing of revenue recognition:			
At a point in time	1,887,660,638.82	6,457,440,568.38	8,345,101,207.20
Over time	–	–	–
Total	1,887,660,638.82	6,457,440,568.38	8,345,101,207.20

(3) Revenue/costs from other operating activities

RMB

Items	2023		2024		2025		Six months ended 30 June 2025 (Unaudited)		Six months ended 30 June 2026	
	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost
Sales of materials	471,127,536.86	479,963,958.17	475,232,590.68	504,504,965.81	629,217,919.76	766,042,109.51	354,258,020.46	421,415,996.02	323,120,270.83	356,905,927.12
Sales of non-staple food products	113,798,723.64	113,119,544.06	160,353,915.00	158,504,934.69	100,995,541.30	96,664,872.47	54,436,348.76	52,418,825.34	47,275,964.63	45,307,714.59
Others	82,304,635.47	31,814,804.25	162,772,866.75	121,608,721.61	123,568,880.21	98,586,213.00	66,086,536.37	51,656,634.42	64,400,740.63	51,075,949.30
Total	667,230,895.97	624,898,306.48	798,359,372.43	784,618,622.11	853,782,341.27	961,293,194.98	474,780,905.59	525,491,455.78	434,796,976.09	453,289,591.01

(4) Description of allocation to remaining performance obligations

Except for the unused sales incentives granted to the customers, the Company applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Company are within one year or less.

For the unused sales incentives granted to the customers, the contract liabilities at the end of each reporting period can represent the transaction price allocated to the remaining performance obligations, please refer to Note (XVI) 13 for details.

21. Selling and distribution expenses

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Advertising expenses	1,464,259,094.11	1,023,559,798.00	881,891,323.01	484,181,650.06	406,437,642.99
Selling and promotion expenses	645,862,000.88	680,039,328.24	879,907,030.71	403,544,390.11	488,134,346.84
Employee remuneration	671,003,079.61	709,995,121.80	728,066,698.88	340,891,954.62	353,244,339.43
Advisory service fee	163,808,667.98	191,857,354.92	196,591,171.10	96,553,420.45	114,494,981.95
Travel and business development expenses	111,227,191.55	137,314,049.57	132,836,807.58	62,777,341.48	65,326,104.54
Conference fee	25,993,504.21	26,665,244.09	24,465,254.60	8,190,872.71	5,929,050.17
Storage and handling fee	23,926,799.54	23,014,216.54	20,707,184.77	10,705,105.62	3,293,738.88
Depreciation and amortisation	10,457,590.35	12,577,573.73	11,809,391.00	5,591,567.11	6,314,725.21
Share-based payment expenses	11,714,261.45	11,925,231.48	11,751,233.25	6,215,952.35	6,904,108.90
Others	42,300,165.80	25,087,620.83	26,215,705.15	7,496,486.79	12,501,658.84
Total	3,170,552,355.48	2,842,035,539.20	2,914,241,800.05	1,426,148,741.30	1,462,580,697.75

22. General and administrative expenses

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Employee remuneration	215,356,524.26	220,751,309.27	238,535,852.25	121,771,910.26	124,280,532.16
Depreciation and amortisation	33,266,628.93	30,934,656.93	40,049,921.34	19,180,921.08	25,124,512.68

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Advisory service fee	35,318,845.86	31,220,950.15	35,385,591.04	19,193,732.29	15,990,954.95
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Travel and business development expenses	16,985,092.21	15,330,758.15	16,717,260.86	7,478,651.99	9,037,890.28
Share-based payment expenses	15,885,169.34	16,734,010.99	14,306,962.25	8,398,777.47	9,578,405.82
Inspection and maintenance cost	6,377,391.71	4,447,827.19	5,943,450.97	2,255,143.68	3,790,072.95
Disability employment security fund	8,990,393.00	8,170,822.28	3,598,889.96	3,001,634.42	172,815.69
Office expenses	5,394,248.49	2,491,629.48	3,170,148.77	899,649.80	1,398,156.47
Others	22,978,697.90	30,047,299.91	37,249,601.88	14,796,952.77	13,195,666.22
Total	361,674,344.15	366,009,311.34	420,778,846.59	201,479,448.55	216,048,703.63

23. Financial expenses

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Interest expenses *(Note 1-2)*	794,069,693.76	250,450,912.66	175,659,616.02	87,850,356.30	93,056,547.07
Less: interest income	62,923,648.61	28,588,356.29	29,744,828.26	14,853,539.18	9,847,434.25
Bank charges	872,335.25	862,133.56	1,035,379.21	320,790.07	345,169.88
Foreign exchange losses (gains)	15,392,217.73	7,341,419.64	(1,019,016.91)	(1,090,833.21)	670,645.42
Total	747,410,598.13	230,066,109.57	145,931,150.06	72,226,773.98	84,224,928.12

Note 1: Among which, the interest expenses on lease liabilities in 2023, 2024, 2025 and the six months ended 30 June 2025 (Unaudited) and the six months ended 30 June 2026 were RMB641,661.66, RMB845,228.52, RMB684,846.23, RMB341,294.43 and RMB444,899.13, respectively.

Note 2: The interest expense on financial liabilities related to the shareholders' special rights in 2023 was RMB554,428,126.29.

24. *Investment income*

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Income from long-term equity investments accounted for using the cost method	560,000,000.00	274,638,277.14	1,746,399,357.13	–	–
(Losses)/income from long-term equity investments accounted for using the equity method	(2,614,343.32)	(61,956.17)	(76,280.15)	(60,766.27)	111,425.34
Dividends income from other equity instruments	2,151,772.05	500,962.50	166,987.50	–	–
Interests income and disposal income from derivative financial instruments	3,136,200.06	10,472,069.76	–	–	–
Interests income from entrusted loans	5,894,536.53	–	–	–	–
Others	34,286.62	–	302,675.01	320,835.51	–
Total	568,602,451.94	285,549,353.23	1,746,792,739.49	260,069.24	111,425.34

25. *Other income*

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Government grants transferred from deferred income	68,432,612.31	70,767,971.05	71,897,146.60	33,374,175.83	32,188,795.95
Government grants directly recognised as other income	20,210,290.14	16,505,550.10	16,215,667.27	6,509,942.24	10,489,634.35
Total	88,642,902.45	87,273,521.15	88,112,813.87	39,884,118.07	42,678,430.30

26. Asset impairment losses

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Loss on inventories write-down	(178,216,428.92)	(134,384,782.92)	(224,121,264.87)	(138,592,391.25)	(129,179,801.39)
Loss on fixed assets impairment	(657,275.40)	–	(764,934.56)	–	–
Loss on long-term equity investment impairment	(4,125,193.46)	(60,000,000.00)	–	–	–
Total	(182,998,897.78)	(194,384,782.92)	(224,886,199.43)	(138,592,391.25)	(129,179,801.39)

27. Income tax expenses

(1) Statement of income tax expenses

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Current tax expenses	–	(5,070,720.20)	294,214.52	64,151,297.16	11,104,449.91
Deferred tax expenses	47,924,497.75	174,738,029.34	2,009,959.76	(39,484,420.94)	29,744,666.92
Total	47,924,497.75	169,667,309.14	2,304,174.28	24,666,876.22	40,849,116.83

(2) Reconciliation between income tax expenses and the accounting profit

RMB

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Profit before income tax	278,440,308.77	974,400,961.88	1,765,280,038.59	106,881,544.71	171,492,683.04
Income tax expenses calculated at tax rate of 25%	69,610,077.19	243,600,240.47	441,320,009.65	26,720,386.18	42,873,170.76
Effect of non-deductible costs, expenses and losses	142,192,593.26	2,383,984.56	6,492,149.00	1,457,610.49	2,347,331.73

Items	2023	2024	2025	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2026
Effect of deductible temporary differences or tax losses not recognised for deferred tax assets	–	15,000,000.00	–	–	–
Effect of adjustments of income taxes in respect of prior years	(6,934,053.36)	(9,882,501.73)	687,202.98	687,202.98	25,039.51
Effect of non-taxable operations	(139,641,910.58)	(69,299,321.37)	(436,622,516.12)	15,191.57	(27,856.34)
Effect of super deduction of research and development expenses	(17,302,208.76)	(12,135,092.79)	(9,572,671.23)	(4,213,515.00)	(4,368,568.83)
Income tax expenses	47,924,497.75	169,667,309.14	2,304,174.28	24,666,876.22	40,849,116.83

28. Amounts due from/to related parties

(1) Receivables

RMB

Name	Items	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Accounts receivable	Intra-group companies	137,013,345.19	270,334,797.59	409,822,104.07	326,493,446.67
Accounts receivable	Other related parties	205,828.20	8,138,026.03	4,351,346.05	8,391,993.26
Accounts receivable	Provision for credit impairment	(2,211.69)	(124,295.28)	(69,186.40)	(167,839.86)
	Subtotal	137,216,961.70	278,348,528.34	414,104,263.72	334,717,600.07
Other receivables	Intra-group companies	1,282,716,313.15	1,842,323,057.00	1,632,912,796.66	820,508,920.71
Other receivables	Other related parties	176,244.33	66,024.77	–	–
Other receivables	Provision for credit impairment	(70,200,406.74)	(70,197,789.54)	(70,196,190.09)	–
	Subtotal	1,212,692,150.74	1,772,191,292.23	1,562,716,606.57	820,508,920.71
Prepayments	Other related parties	41,589.85	–	–	–
	Subtotal	41,589.85	–	–	–
Other non-current assets	Intra-group companies	1,209,840,714.12	1,977,568,289.83	1,994,711,127.83	456,340,000.00
	Subtotal	1,209,840,714.12	1,977,568,289.83	1,994,711,127.83	456,340,000.00
Interest receivable	Intra-group companies	169,862,903.69	178,317,602.80	173,774,361.42	122,664,313.06
	Subtotal	169,862,903.69	178,317,602.80	173,774,361.42	122,664,313.06
Dividends receivable	Intra-group companies	480,000,000.00	–	840,073,250.00	–
	Subtotal	480,000,000.00	–	840,073,250.00	–
	Total	3,209,654,320.10	4,206,425,713.20	4,985,379,609.54	1,734,230,833.84

(2) Payables

RMB

Name	Related party	31 December 2023	31 December 2024	31 December 2025	30 June 2026
Accounts payable	Intra-group companies	1,098,774,892.03	1,336,326,880.15	1,774,868,371.76	1,828,120,377.84
Accounts payable	Other related parties	–	5,933,657.27	4,541,429.87	2,908,589.67
	Subtotal	1,098,774,892.03	1,342,260,537.42	1,779,409,801.63	1,831,028,967.51
Other payables	Intra-group companies	48,701,785.94	208,820,266.02	448,135,440.24	415,826,740.14
Other payables	Other related parties	210,000.00	580,000.00	552,027.82	602,500.00
	Subtotal	48,911,785.94	209,400,266.02	448,687,468.06	416,429,240.14
Contract liabilities	Intra-group companies	46,912.63	36,928,638.64	2,144,962.01	941,359.33
Contract liabilities	Other related parties	1,976,559.60	5,677,361.65	5,178,479.86	6,532,577.11
	Subtotal	2,023,472.23	42,606,000.29	7,323,441.87	7,473,936.44
Dividends payable	Other related parties	189,750,960.00	–	–	–
	Subtotal	189,750,960.00	–	–	–
Bills payable	Intra-group companies	326,476,254.20	93,840,547.06	486,810,828.10	370,101,502.50
	Subtotal	326,476,254.20	93,840,547.06	486,810,828.10	370,101,502.50
	Total	1,665,937,364.40	1,688,107,350.79	2,722,231,539.66	2,625,033,646.59

(XVII) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 30 June 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on 14 January 2026, which shall become effective as at the date on which the H shares are [**REDACTED**] on the Stock Exchange. As the main purpose of this Appendix is to provide potential [**REDACTED**] with an overview of the Articles of Association, it may not necessarily contain all information that is important for potential [**REDACTED**].

SHARES

Issuance of Shares

The shares of the Company shall be issued in the form of shares certificates.

In addition to the particulars provided in the Company Law and the Articles of Association, the share certificates of the Company shall contain other particulars required by the stock exchange on which the shares of the Company are listed.

The Company shall issue shares in an open, equal and fair manner, and every share of the same class shall have the same rights.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; Shares subscribed shall be paid for at the same consideration.

Increase, Decrease and Repurchase of Shares

The Company may, based on its operation and development needs and in accordance with the laws and regulations, increase its registered capital in the following manners upon resolutions being adopted by the general meetings:

(1) Issuing shares to non-specific targets;

(2) Issuing shares to specific targets;

(3) Distributing bonus shares to its existing shareholders;

(4) conversion of capital reserve to share capital;

(5) Other means permitted by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, and the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant PRC laws, administrative regulations, departmental rules, normative documents and the listing rules of the places where the shares of the Company are [**REDACTED**].

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law, the HK Listing Rules, other relevant regulations and the Articles of Association.

The Company may, in accordance with the procedures set out in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, repurchase its shares issued under the following circumstances:

(1) to reduce the registered capital of the Company;

(2) to merge with other companies which own shares in the Company;

(3) to utilize its shares in employee stock ownership plans or equity incentive;

(4) where the shareholders, who disagree with the resolution in relation to merger or division of the Company made at the general meeting, require the Company to repurchase the shares held by such shareholders;

(5) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(6) to safeguard the value of the Company and the interests of the shareholders when necessary;

(7) Other circumstances permitted by laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed.

The Company shall not trade its shares unless in the aforesaid circumstances.

Any such repurchase shall be made through public centralized trading or other methods recognized by laws, administrative regulations, and the securities regulatory authority.

Where the Company acquires its own shares under circumstances as mentioned in items (3), (5) and (6) above, such repurchase shall be conducted through public centralized trading.

Where the Company acquires its own shares for any reason specified in items (1) and (2) above, such repurchase shall be subject to a resolution of the general meeting; where the Company acquires its own shares for any reason specified in items (3), (5) and (6) above, such repurchase may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the Articles of Associations or upon authorization by the general meeting.

Where the Company acquires its shares pursuant to the requirements above, the shares shall be cancelled within ten days from the date of acquisition if it falls under the circumstance specified in item (1); shall be transferred or cancelled within six months if it falls under the circumstance specified in items (2) and (4); the total number of shares held by the Company shall not exceed 10% of the total number of issued shares of the Company and shall be transferred or cancelled within three years if it falls under the circumstance specified in items (3), (5) and (6).

Where the relevant laws, administrative regulations, departmental rules, other normative documents and securities regulatory rules of the place where the shares of the Company are listed have any other provisions in respect of the matters concerning the aforementioned share repurchase, such provisions shall prevail.

Transfer of Shares

The shares of the Company may be transferred in accordance with laws. All transfers of H shares shall be effected by transfer instrument in writing in a general or common form or in any other form acceptable to the Board, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The transfer instrument may be signed by hand or stamped with the Company's valid seal (where the transferor or transferee is a corporation) only. If the transferor or transferee is a recognized clearing house (the "Recognized Clearing House") as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the transfer instrument may be signed by hand or in printed form. All the transfer instruments shall be kept at the legal address of the Company or an address designated by the Board from time to time.

Shares that have been issued before the public offering shall not be transferred for a period of one year commencing from the date of listing and trading of the Company's shares on a stock exchange.

The Directors and senior management of the Company shall declare the number of shares held by them and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the same class held by them in the Company. The shares of the Company held by them shall not be transferred within one year as of the listing and trading date of the shares of the Company. These people shall not transfer the shares of the Company held by them within half of the year from their departure from the Company.

SHAREHOLDERS AND GENERAL MEETINGS

General Provisions on Shareholders

The Company shall establish a register of shareholders in accordance with certificates from the share registrar. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The register of shareholders holding domestic unlisted shares is based on the data recorded in the securities book-keeping system of China Securities Depository and Clearing Corporation Limited. The original of the H Share Shareholders Register is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and securities regulatory rules of the place where the shares of the Company are listed. The Company shall maintain a copy of the register of shareholders of overseas listed shares in the domicile of the Company. Overseas agency so engaged shall at any time ensure the consistency between the original copy and the copy of the register of shareholders of overseas listed shares. The branch register of shareholders of the Company in Hong Kong must be made available for inspection by shareholders. The Company may be allowed to close the register of members in accordance with provisions equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), if needed.

Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to the number of shares held;

(2) to request to hold, convene, chair, participate in or to appoint proxies to participate in the general meetings and exercise corresponding voting rights in accordance with the laws;

(3) to supervise, present proposals or raise enquiries in respect of the Company's operations;

(4) to transfer, bestow or pledge the shares they hold according to laws, administrative regulations and the Articles of Association;

(5) to review and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, board meeting resolutions, and financial accounting reports. Shareholders who meet the prescribed conditions may also review the Company's accounting books and accounting vouchers;

(6) to participate in the distribution of the remaining assets of the Company according to the number of shares held, in the event of the termination or liquidation of the Company;

(7) the shareholders disagreeing with the merger or division resolution made by the general meeting are entitled to ask the Company to acquire their shares;

(8) other rights stipulated by laws, regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(1) to comply with laws, administrative regulations and the Articles of Association;

(2) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;

(3) no withdrawal of share capital except for the circumstances set out in the relevant laws and regulations;

(4) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

(5) other obligations to be assumed by the shareholders according to laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Where the abuse of shareholders' rights causes any loss to the Company or other shareholders, such abusive shareholder shall be liable for compensation in accordance with the law; where shareholders of the Company take advantage of the Company's independent status as a legal person and the limited liability of shareholders to disregard debts and seriously injure the interests of the Company's creditors, such shareholders shall bear joint and several liability for the debts of the Company.

Controlling Shareholders and Actual Controllers

The controlling shareholders or the actual controllers of the Company shall comply with the following provisions:

(1) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;

(2) to strictly fulfil the public statements and undertakings made, without unilateral alteration or waiver;

(3) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;

(4) not to appropriate the Company's funds in any way;

(5) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(6) not to make use of the Company's undisclosed material information for personal gain, not to disclose in any way undisclosed material information relating to the Company;

(7) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, foreign investment or any other means;

(8) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;

(9) other provisions of laws, administrative regulations, the CSRC, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Where a controlling shareholder or an actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or an actual controller of the Company instructs a director or a member of the senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or member of the senior management.

General Provisions on General Meeting

The General Meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to law:

(1) to elect and replace Directors and to decide matters relating to the remuneration of Directors;

(2) to examine and approve reports of the Board;

(3) to examine and approve profit distribution plans and loss recovery plans of the Company;

(4) to make resolutions concerning the increase or reduction of the Company's registered capital;

(5) to make resolutions on the issuance of corporate bonds;

(6) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the form of the Company;

(7) to amend the Articles of Association;

(8) to make resolutions on the engagement or removal of the accounting firm undertaking the Company's audit engagement by the Company;

(9) to examine matters relating to the Company's purchase and/or sale of major assets within twelve months that exceed 30% of the latest audited total assets of the Company;

(10) to examine and approve matters concerning changes in the use of proceeds;

(11) to consider the equity incentive plan and employee share ownership plan;

(12) to examine other matters that should be decided by the general meeting as stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings. The annual general meeting shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

An extraordinary general meeting shall be convened by the Company within two months of the occurrence of any of the following circumstances:

(1) the number of Directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;

(2) the uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;

(3) shareholders individually or in aggregate holding at least 10% of the Company's stocks make a request;

(4) the Board considers it necessary;

(5) the Audit Committee proposes such a meeting be held;

(6) any other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Convening of General Meeting

The Board shall convene the general meeting within the stipulated period. Independent directors have the right to propose to the Board to convene an extraordinary general meeting upon approval by a majority of all independent directors. Regarding the independent directors' proposal to convene an extraordinary general meeting, the Board shall provide written feedback on whether it agrees or disagrees with convening an extraordinary general meeting within ten days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after making the resolution of the Board; if the Board does not agree to convene an extraordinary general meeting, it shall explain the reasons.

The Audit Committee proposes to the Board to convene an extraordinary general meeting and shall submit such proposal to the board in writing. The Board shall provide written feedback on whether it agrees or disagrees with convening an extraordinary general meeting within ten days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board agrees to convene an extraordinary general meeting, it will issue a notice to convene the general meeting within five days after making the resolution of the Board. Any changes to the original proposal in the notice must be approved by the Audit Committee.

If the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the proposal, it will be deemed that the Board is unable to perform or fails to perform its duty to convene a general meeting, and the Audit Committee may convene and preside over it on its own.

Shareholders individually or collectively holding more than 10% of the Company's shares request the Board to convene an extraordinary general meeting and may propose a motion in the meeting agenda. The aforementioned requests must be submitted to the Board in writing. The Board shall provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within ten days after receiving the request in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice to convene the general meeting within five days after the making of the resolution of the Board. Consent of the relevant shareholders must be obtained for any changes to the original request in the notice.

If the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the request, shareholders individually or collectively holding more than 10% of the Company's shares propose to the Audit Committee to convene an extraordinary general meeting, and the request shall be made in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the general meeting within five days of receiving the request. Any changes to the original proposal in the notice must be approved by the relevant shareholders.

If the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the general meeting. Shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or any shareholder(s) decides to convene a general meeting on their own, the Audit Committee or the relevant shareholder(s) shall notify the Board in writing, and perform the relevant filing procedures with the relevant securities regulatory authorities in the place where the Company is located and the relevant stock exchange in accordance with the applicable regulations. The Audit Committee or convening shareholders shall, upon issuing a notice of the general meeting and announcing the resolutions thereof, submit the relevant documentation to the stock exchange where the Company's shares are listed. Before passing a resolution at the general meeting, the percentage of shareholding held by the convening shareholders shall not be less than 10%.

In case a general meeting is called by the Audit Committee or the shareholder(s) on their own, the Board and the Secretary to the Board shall cooperate.

The necessary costs of a general meeting called by the Audit Committee or the shareholder(s) on their own shall be borne by the Company. The aforesaid shall not apply where laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed stipulate otherwise.

Proposals and Notices of General Meeting

Where the Company convenes a general meeting, the Board, Audit Committee, and shareholder(s) individually or collectively holding more than 1% of the Company's shares may make proposals to the Company.

The shareholders individually or collectively holding more than 1% of the Company's shares may raise a temporary proposal and submit it to the convener in writing ten days before the general meeting is held. The convener shall, within two days after receipt of the proposal, issue a supplementary notice of the general meeting, and submit the temporary proposal to the general meeting for consideration, except where the temporary proposal violates laws, administrative regulations or the Articles of Association, or falls outside the terms of reference of the general meeting.

Save as specified above, the convener shall not change the proposal set out in the notice of general meeting or add any new proposals after the said notice is served.

Proposals not included in the notice of the general meeting or contravening the provisions of the Articles of Association shall not be voted and passed as resolutions at the general meeting.

The convener shall notify all shareholders by way of announcement twenty-one days prior to the convening of the annual general meeting to inform them of the matters to be considered at the meeting as well as the date and venue of the meeting. The extraordinary general meeting shall be notified to all shareholders by way of an announcement fifteen days before the meeting is convened.

The date of the meeting shall not be included when calculating the starting date.

If the securities regulatory rules of the place where the shares of the Company are listed stipulate otherwise, such provisions shall prevail on the premise of not violating regulatory requirements of the place where the Company is incorporated.

After the issue of the notice of the general meeting, the general meeting shall not be postponed or cancelled without due cause and proposals set out in the notice of the general meeting shall not be cancelled. In the event of postponement or cancellation, the convenor shall issue a notice at least two working days before the original date on which the meeting is to be held and explain the reasons.

Convening of General Meeting

All shareholders appearing in the register of shareholders on the record date or their proxies shall be entitled to attend the general meeting, and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association. The Company and the convener shall not refuse their attending for any reason.

A shareholder may attend a general meeting in person or appoint a proxy to attend and vote within the scope of authorization on his/her behalf. A proxy is not required to be a shareholder of the Company. Shareholders are entitled to speak and vote at general meetings unless the shareholders are required by laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed to abstain from voting on individual matters.

Individual shareholders who attend the meeting in person shall present their identity cards or other valid documents or proof of identity; if a proxy is appointed to attend the meeting, the proxy shall present his/her own valid proof of identity and the power of attorney from the shareholder.

Corporate shareholders shall entrust the legal representative or its proxies to attend the general meeting. The legal representative attending the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a legal representative; if a proxy is appointed to attend the meeting, the proxy shall present his/her own identity card and a written power of attorney duly issued by the legal representative of the corporate shareholder in accordance with the law.

A non-corporate shareholder shall entrust the person in charge of the organization or the proxies entrusted by the person in charge to attend the general meetings. The person in charge of the organization attending the general meeting shall present his/her identity card and valid certificate evidencing his/her capacities as the person in charge; a proxy attending the general meeting shall present his/her own identity card and a written power of attorney duly issued by the person in charge of the organization in accordance with the law.

The general meeting is chaired by the chairperson of the Board. When the chairperson of the Board is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

A general meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable or fails to perform his/her duties, a member of the Audit Committee jointly elected by more than half of all the members of the Audit Committee shall preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by the convener or a representative elected by the convener.

When a general meeting is held and the presider of the meeting violates the rules of procedures for the general meeting such that the general meeting cannot proceed, with the consent of more than half of the shareholders with voting rights present at the meeting, the general meeting may elect a person to be the presider of the meeting and the meeting shall be continued.

The convener shall guarantee the general meeting is held continuously until the final resolution is made. If the general meeting is suspended or no resolution can be made due to force majeure or other special reasons, necessary measures shall be taken to resume the general meeting as soon as possible or terminate the general meeting directly.

Voting and Resolution of General Meeting

The resolutions of a general meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(1) working reports of the Board;

(2) profit distribution plans and loss recovery plans formulated by the Board;

(3) appointment and removal of members of the Board, and determination of their remuneration and payment methods;

(4) other matters other than those that shall be resolved by special resolutions according to laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

(1) increase or reduction of the Company's registered capital;

(2) the division, merger, dissolution or liquidation and change the form of the Company;

(3) amendment of the Articles of Association;

(4) the Company's purchase or disposal of major assets within one year or guarantee amount exceeding 30% of the latest audited total assets of the Company;

(5) the equity incentive plan;

(6) other matters required to be resolved by way of a special resolution by the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

BOARD OF DIRECTORS

General Provisions on Directors

Directors shall be elected or replaced at a general meeting and may be removed from office by the general meeting prior to the expiration of their tenure. The term of office of the Directors shall be three years and directors may serve consecutive terms if re-elected, where an independent Director shall not serve more than six consecutive years, unless otherwise provided by relevant laws, regulations, the Articles of Association and the securities regulatory rules of the place(s) where the Company's shares are listed.

The term of office of a director shall start from the date on which he takes office and end on the expiration of the current term for the Board. Where re-election procedures are not carried out in a timely manner on the expiration of the directors' term of office, before the newly elected directors take office, the original directors shall perform their directors' duties in accordance with laws, administrative regulations, departmental rules, the Articles of Association, and the securities regulatory rules of the place(s) where the Company's shares are listed.

Provided that there is no violation of the laws, administrative regulations and regulatory provisions of the place(s) where the Company's shares are listed, if the Board appoints any new director to fill any casual vacancy of the Board or to increase the number of members on the Board, the term of office of the newly appointed director shall expire on the first general meeting after the appointment. Such director shall be eligible for re-election at that meeting.

Senior management officers can act as directors concurrently, provided that the aggregate number of the directors who concurrently serve as senior management officers and directors who are employee representatives shall not exceed one half of the total number of directors of the Company.

The Board should include 1 employee representative of the Company. Employee representatives on the Board shall be elected by the Company's employees through the employee representative congress, employee assembly or other democratic forms, without the need to submit to the general meeting for consideration.

Directors shall comply with the provisions of laws, administrative regulations, the Articles of Association and, the securities regulatory rules of the place(s) where the Company's shares are listed shall bear the duty of loyalty to the Company, shall take measures to avoid any conflict between their own interests and the interests of the Company, and shall not use their powers to gain improper advantage.

Directors shall have the following duties of loyalty to the Company:

(1) not embezzling the properties of the Company and not appropriating any funds of the Company;

(2) not opening an account in his or her own name or in the name of another individual and depositing the assets or funds therein of the Company;

(3) not abusing their authority to accept any bribe or other illicit income;

(4) not directly or indirectly entering into contracts or transactions without reporting to the Board or general meeting or approval of resolutions of the Board or general meeting pursuant to the Articles of Association;

(5) not using the advantages of his or her office to appropriate for himself/herself or for others, business opportunities which ought to belong to the Company except where they reported to the Board or general meeting and received approval of general meeting resolutions or such business opportunities can not be exploited by the Company according to laws, regulations or the Articles of Association;

(6) not to operate a business for his or her own account or on behalf of others which is of the same type as the Company's business without reporting to the Board or general meeting or the consent of the general meeting resolutions;

(7) not accepting for himself/herself commissions in connection with the Company's transactions with others;

(8) not disclosing secrets of the Company without authorization;

(9) not using his or her connected relationships to harm the interests of the Company;

(10) other fiduciary duties specified in laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

Income derived by a Director in breach of this Article shall belong to the Company. If the Company sustains a loss as a result of such breach, the Director shall be liable for the damages.

The provisions in item (IV) of this article shall apply to contracts or transactions entered into by close relatives of Directors or the senior management, enterprises directly or indirectly controlled by Directors or the senior management or their close relatives, and associates with whom Directors or the senior management have other related relationships.

Directors shall comply with applicable laws, administrative regulations, and the Articles of Association, while fulfilling their duty of diligence towards the Company and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

Directors have the following duties of diligence towards the company:

(1) To exercise the Company-conferred rights with prudence, diligence, and care, ensuring that its commercial activities comply with State laws, administrative regulations, and economic policy requirements, and remain within the business scope stipulated in the business license;

(2) To treat all shareholders fairly;

(3) To keep informed of the operation and management conditions of the Company in a timely manner;

(4) signing written confirmation opinions on the regular reports of the Company so as to ensure that the information disclosed by the Company is true, accurate and complete;

(5) providing true information and data to the Audit Committee and not interfering with the Audit Committee in the exercise of their functions and powers;

(6) Other obligations of diligence stipulated in applicable laws, administrative regulations, departmental rules, regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

Board of Directors

The Board is established by the Company and shall be responsible to the general meeting. The Board shall be composed of 9 Directors and shall have 3 independent directors. The Board shall have one chairperson. The chairperson shall be elected by the Board with approval of more than half of all the Directors. The Directors of the Company shall be composed of executive directors, non-executive directors and independent directors ("independent director" shall have the meaning consistent with that of "independent non-executive director" in the Hong Kong Listing Rules). Non-executive directors refer to the directors who do not hold any operational management positions in the Company.

The Board exercises the following functions and powers:

(1) to convene the general meetings and report on its work to the general meeting;

(2) to implement the resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the Company's profit distribution plan and loss recovery plan;

(5) to formulate proposals for the increase or reduction of the Company's registered capital, issuance of bonds or other securities, and listing plans;

(6) to formulate plans for major acquisitions of the Company, purchase of our Company's shares, or merger, division, dissolution and change of form of our Company;

(7) within the scope authorized by the Articles of Association and the shareholders' general meeting, to decide on the Company's external investment, acquisition and sale of assets, asset mortgages, external guarantee matters, entrusted wealth management, related transactions, and external donations;

(8) to decide on the establishment of the Company's internal management structure;

(9) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board, and to determine their remuneration, rewards, and penalties; based on the general manager's nomination, to decide on the appointment or dismissal of the Company's deputy general manager, financial officer, and other senior management personnel, and to determine their remuneration, rewards, and penalties;

(10) to formulate the Company's basic management system;

(11) to formulate proposals for any amendment to the Articles of Association;

(12) to manage the information disclosure matters of the Company;

(13) to propose to the general meeting the appointment or change of the accounting firm acting as the auditors of our Company;

(14) to receive the work report of the Company's general manager and examine the general manager's work;

(15) other functions and powers conferred by laws, administrative regulations, regulatory rules of the place(s) where the Company's shares are listed or the Articles of Association.

Matters that fall outside the scope of authorization granted by the general meeting shall be submitted to the general meeting for examination and approval.

The meetings of the Board shall be held at least four times each year, and shall be convened by the chairperson. All Directors shall be notified in writing 14 days prior to the scheduled regular Board meeting.

An extraordinary Board meeting can be convened when proposed by shareholders representing more than one tenth of the voting rights, more than one-third of the Directors or audit committee. The chairperson shall convene and preside over the Board meeting within 10 days after receiving the proposal.

Notice of extraordinary Board meetings shall be delivered in writing by letters, facsimile, e-mail, instant messaging software, and other shortcuts, to all Directors 3 days before the meeting. In case of emergency, with the unanimous consent of all Directors, the convening of an extraordinary Board meeting may also be exempt from the aforementioned notification time limit, but this should be recorded in the minutes of the Board meeting and signed by all participating Directors.

No meeting of the Board shall be held unless attended by more than half of the directors. Any resolution adopted by the Board shall require affirmative votes by more than half of the directors.

When voting on the Board's resolutions, one director shall have one vote.

Independent Directors

Independent Directors shall maintain their independence. The following persons shall not serve as independent Directors:

(1) Persons working for the Company or its subsidiaries, their spouses, parents, children, and major social relations;

(2) Persons who directly or indirectly hold more than 1% of the issued shares of the Company, or the natural person shareholders in the top ten shareholders of the Company, and such shareholders' spouses, parents, and children;

(3) Any employee of any corporate shareholder that directly or indirectly holds more than 5% of the Company's issued shares, or any employee of any of the 5 largest corporate shareholders of the Company, and his/her spouses, and parents, children;

(4) Persons who hold positions in the subsidiaries of the controlling shareholder and the de facto controller of the Company and their spouses, parents and children;

(5) Persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;

(6) Personnel providing finance, laws, advisory, sponsorship or other services to the Company, its Controlling Shareholders, de facto controllers or their respective affiliates, including but not limited to all members of the project team at intermediaries providing such services, all levels of reviewers, signatories on reports, partners, directors, senior management and principal responsible officers;

(7) Those who in the most recent 12 months have fallen into any of (1) to (6) circumstances mentioned above;

(8) Other persons who are not independent as stipulated by laws, administrative regulations, the CSRC, securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association.

Independent Directors shall conduct an annual self-examination of independence and submit the self-examination to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent Directors on an annual basis, which shall be disclosed at the same time with the annual report.

An independent Director of the Company shall meet the following conditions:

(1) Having the qualifications to hold office as a Director of a listed company according to the relevant requirements of laws, administrative regulations and other relevant provisions;

(2) Meeting the independence requirements set forth in the Articles of Association;

(3) Having basic knowledge of the operation of listed companies and being familiar with the relevant laws, regulations and rules;

(4) Possessing over five years of work experience in law, accounting or economics required for his/her service as an independent Director;

(5) Excelling in virtue, having no bad records such as major breach of trust;

(6) Other conditions as stipulated by laws, administrative regulations, the CSRC, and the Articles of Association.

As members of the Board, independent Directors assume loyalty and diligence obligations to the Company and all shareholders, and prudently fulfill the following duties:

(1) To participate in Board decision-making and express clear opinions on matters under discussion;

(2) To supervise potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, Directors, and senior management to protect the legitimate rights and interests of minority shareholders;

(3) To provide professional and objective advice on the operation and development of the Company and promote the improvement of the decision-making level of the Board;

(4) Other responsibilities as stipulated by laws, administrative regulations, rules of the CSRC, regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association.

The independent Directors shall exercise the following special functions and powers:

(1) to independently engage intermediaries to conduct audit, advise or verification on specific matters of the Company;

(2) to propose to the Board the calling of an extraordinary general meeting;

(3) to propose the calling of Board meetings;

(4) to publicly solicit shareholder rights from shareholders in accordance with the law;

(5) to express independent opinions on matters that may impair the interests of the Company or minority shareholders;

(6) other functions and powers as stipulated by laws, administrative regulations, rules of the CSRC, regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association.

When an independent Director exercises the functions and powers listed in items (I) to (III) of the preceding paragraph, he/she shall obtain the consent of a majority of all independent Directors.

The following matters shall be submitted to the Board for consideration after approval by more than half of all independent Directors of the Company:

(1) Connected transactions that should be disclosed;

(2) Plans for the Company and related parties to change or waive their commitments;

(3) Decisions made and measures taken by the board of an acquired company in respect of the acquisition;

(4) Other matters as stipulated by laws, administrative regulations, rules of the CSRC, regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association.

Specialized Committees of the Board

The Board of the Company shall establish an audit committee to exercise the powers of the Supervisory Committee as stipulated in the Company Law.

The audit committee shall comprise 3 members, all of whom shall be Directors not serving as senior management of the Company. Among them, 2 shall be independent Directors, and the convener of the committee shall be an accounting professional selected from the independent Directors. Employee representatives serving on the Board may be members of the audit committee.

The Board has established specialized committees, including the strategy committee, the nomination committee, and the remuneration and appraisal committee, and other specialized committees which shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals of the specialized committees shall be submitted to the Board for consideration and approval. The working procedures of the specialized committees shall be formulated by the Board.

SENIOR MANAGEMENT

The Company shall have 1 General Manager who shall be appointed or dismissed by the Board.

The Company may appoint several deputy general managers as required, 1 financial officer, and 1 secretary to the Board who shall be appointed or dismissed by the Board.

The provisions of the Articles of Association regarding the circumstances under which a person is not eligible to serve as a Director and the management system for departure also apply to senior management.

The provisions of the Articles of Association on the faithful obligations and diligence obligations of Directors shall equally apply to senior management.

FINANCIAL AND ACCOUNTING SYSTEMS, DISTRIBUTION OF PROFITS, AND AUDITS

Financial and Accounting Systems

The Company shall formulate its financial and accounting systems pursuant to the provisions of laws, administrative regulations and the relevant State authorities.

When a company distributes its after-tax profits of the current year, it shall set aside 10% of the profits as funds of the statutory reserve fund. The company may discontinue setting aside funds of the statutory provident fund if the cumulative amount of the statutory provident fund is 50% or more of the registered capital of the company.

If the Company's statutory reserve fund is insufficient to cover the losses of the previous year, the current year's profits shall first be used to offset such losses before allocating funds to the statutory reserve fund as outlined above.

After the company appropriates the statutory provident fund from its after-tax profits, it may, upon a resolution passed by the general meeting, also appropriate a discretionary provident fund from its after-tax profits.

Following the offset of any losses and the appropriation to reserve funds, the remaining balance of the after-tax profits shall be distributed to shareholders in proportion to their shareholdings, unless otherwise specified in the Articles of Association.

If the general meeting, in violation of the Company Law, distributes profits to shareholders, the shareholders shall return the unlawfully distributed profits to the Company; if there is any loss so caused to the Company, the shareholders, responsible Directors and senior management shall be liable for indemnification.

Shares held by the Company itself shall not participate in the distribution of profits.

After the resolution on the profit distribution plan was passed at the Company's general meeting, the Board of the Company shall complete the distribution of dividends (or bonus shares) within two months after convening the general meeting.

Internal Audit

The Company shall implement an internal audit system, which defines the leadership structure, duties and powers, personnel allocation, funding assurance, application of audit results and accountability for internal audit work. The internal audit system of the Company shall be implemented and disclosed externally upon the approval of the Board.

The internal audit institution of the Company conducts supervision and inspection of the business activities, risk management, internal control, financial information and other matters of the Company.

The internal audit institution reports to the Board.

Appointment of Accounting Firms

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and the regulatory rules of the place(s) where the Company's shares are listed, to audit its financial statements, verify net assets, and provide other relevant consulting services. The term of employment of the accounting firm shall be 1 year, which is renewable.

The appointment and dismissal of accounting firms shall be submitted to the Board for deliberation after being consented to by more than half of all members of the Audit Committee, and shall be decided by the general meeting. The Board shall not appoint any accounting firm prior to a decision made by the general meeting.

NOTICE

A notice of the Company shall be made in the following forms:

(1) delivery by hand;

(2) by letters and mails;

(3) by e-mail, facsimile, instant messaging software;

(4) by public announcement;

(5) other ways recognized by the Articles of Association and by the regulatory rules of the place(s) where the Company's shares are listed.

Notice issued by the Company by way of announcement shall, upon announcement, be deemed to have been received by all persons concerned.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION, AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

A merger of a company may take the form of an absorption merger or a consolidation merger. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by establishment of a new company, two or more companies merge into a new one and the parties to the merger are dissolved. In the case of a merger, the credits and debts of the companies involved shall be succeeded by the company that survives the merger or by the newly established company.

In the event of a division of the Company, its properties shall be divided up accordingly. The post-division companies shall bear joint liabilities for the debts of the former company before it is divided, unless it is otherwise prescribed in a written agreement reached by the Company and the creditors before the division regarding the pay-off of debts.

Where the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in accordance with the proportion of shares held by shareholders, except as otherwise provided by laws or the Articles of Association. If otherwise provided by the securities regulatory rules of the place(s) where the Company's shares are listed, such rules shall be followed simultaneously.

When the Company issues new shares to increase its registered capital, Shareholders shall not enjoy preemptive subscription rights, unless otherwise provided by the Articles of Association or determined by a general meeting resolution.

In case of merger or division of the Company, and the registered matters have changed, the registration of the changes shall be made with the company registration authority in accordance with the law; if the Company is dissolved, the registration of cancellation of the Company shall be made in accordance with the law; if a new company is established, the registration of establishment of a company shall be made in accordance with the law.

Any increase or reduction of the Company's registered capital shall be duly registered with the competent company registry in accordance with applicable laws.

Dissolution and Liquidation

The Company shall be dissolved under any of the following circumstances:

(1) When the term of business specified in the Articles of Association expires or any other cause for dissolution as stipulated in the Articles of Association arises;

(2) Dissolution by resolution of the general meeting;

(3) Dissolution is necessary due to a merger or division of the Company;

(4) The business license is revoked, or the entity is ordered to close down or is revoked in accordance with the law;

(5) Shareholders holding 10% or more of the voting rights may petition the People's Court for dissolution of the Company due to insurmountable operational difficulties that cannot be otherwise resolved and where continued operation would cause significant shareholder losses.

In the event of the occurrence of any cause leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution cause shall be published on the National Enterprise Credit Information Publicity System within ten days of its occurrence.

The liquidation committee shall notify the creditors within 10 days of its establishment and publish an announcement in medias allowed for announcement by the competent authorities for business administration of the Company or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving notice or, if no notice was received, within 45 days of the announcement's publication.

Creditors submitting claims shall specify the relevant details of the claims and provide supporting documentation. The liquidation committee shall register the claims. During the claim submission period, the liquidation committee shall not make payments to creditors. After liquidating the Company's assets and preparing the balance sheet and inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation.

The remaining assets of the Company, after the payment of liquidation expenses, employees' wages, social insurance contributions, statutory compensation and outstanding taxes and the settlement of the Company's debts, shall be distributed among the shareholders pro rata to their respective shareholdings.

During liquidation, the Company continues to exist, but may not conduct any operation irrelevant to liquidation.

The Company's assets shall not be distributed to shareholders until all outstanding liabilities have been fully settled in compliance with the aforementioned provisions.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

(1) After the revision and promulgation of the Company Law or relevant laws, administrative regulations or the security regulatory rules of the place where the shares of the Company are listed, the items stipulated in the Articles of Association conflict with the revised laws, administrative regulations or security regulatory rules of the place where the shares of the Company are listed;

(2) There are changes in the situation of the Company, resulting in inconsistencies with the provisions documented in the Articles of Association;

(3) The general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by a resolution of the general meeting shall be submitted to competent authorities for approval if so required; for any change in business registration, application shall be made for such change according to law.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on April 21, 2000 and was converted into a joint stock limited company on December 15, 2023 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB720,000,000.

Our registered place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance. Ms. Ho Sze Wah Cecilia (何詩華) has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" and Appendix III to this Document, respectively.

Changes in the Share Capital of Our Company

Save as disclosed in the sections headed "History, Development and Corporate Structure — Major Shareholding Changes in the Company" and "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this Document, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in the Share Capital of Our Major Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

The following alterations in the share capital of our Major Subsidiaries have taken place within the two years immediately preceding the date of this Document:

On April 2, 2026, Leyuan Farming increased its registered capital from RMB2,100,000,000 to RMB4,800,000,000.

On April 7, 2026, Junchuang Farming increased its registered capital from RMB40,000,000 to RMB984,000,000.

On April 15, 2026, Leyuan Farming Weixian increased its registered capital from RMB246,000,000 to RMB946,000,000.

Save as disclosed above, there has been no other alteration in the share capital of the Company's Major Subsidiaries during the two years immediately preceding the date of this Document.

We have applied to the Stock Exchange for, and the Stock Exchange [has] granted us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of the particulars of any alteration in the capital of our subsidiaries which are not Major Subsidiaries within two years immediately preceding the date of this Document. For details, see "Waivers — Waiver in Relation to Particulars of any alterations in the Capital of Members of Our Group."

Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in January 14, 2026, it was resolved, among others, and the following was approved:

(a) the issue of H Shares with a nominal value of RMB[**REDACTED**] each and the [**REDACTED**] of such H Shares on the Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] pursuant to the [**REDACTED**], and the grant to the [**REDACTED**] of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) conditional upon completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted, which shall become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities;

(e) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [**REDACTED**]; and

(f) the granting of a general mandate to the Board to (i) allot and issue Shares, and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares, at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, provided that, the number of Shares to be issued, or to be sold and/or transferred out of treasury that are held as treasury shares shall not exceed 20% of the number of Shares in issue as of the [**REDACTED**].

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

(a) [**REDACTED**].

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

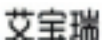
Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Expiry Date
1.	开啡尔	29	The Company	12763393	PRC	March 20, 2035
2.		29	The Company	15034994	PRC	August 13, 2035
3.		29	Banner Dairy	14177571	PRC	August 27, 2035
4.	旗帜	5	Banner Dairy	15443865	PRC	November 13, 2035
5.	悦鲜	29	The Company	15999821	PRC	March 13, 2036
6.		29	The Company	16550390	PRC	June 27, 2036
7.	小小鲁班	29	The Company	17317395	PRC	August 13, 2036
8.	君乐宝 至臻	29	The Company	16455532	PRC	October 20, 2036
9.	乐钙	29	The Company	20522778	PRC	August 20, 2027
10.	君乐宝	29	The Company	4804061	PRC	April 13, 2028
11.	优佳牧场	29	The Company	26723471	PRC	December 20, 2028
12.	君乐宝	29	The Company	29675467	PRC	May 13, 2029
13.	白小纯	29	The Company	28572977	PRC	July 6, 2029
14.	悦鲜活	29	The Company	35272121	PRC	September 6, 2029
15.	白小纯	29	The Company	28159052	PRC	November 13, 2029
16.	淳护	29	The Company	40374188	PRC	March 27, 2030
17.	君乐宝至臻	29	The Company	39514113	PRC	April 6, 2030
18.	优萃	5	The Company	30467143	PRC	July 20, 2030
19.	优致牧场	29	The Company	42541754	PRC	July 27, 2030
20.	白小纯	29	The Company	41349626	PRC	August 6, 2030
21.	遇见奶牛	29	The Company	41855114	PRC	August 6, 2030
22.	君乐宝小小鲁班	29	The Company	42696482	PRC	August 6, 2030
23.	小小鲁班	23	The Company	42711628	PRC	August 13, 2030

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Expiry Date
24. .	君乐宝悦鲜活	30	The Company	42596722	PRC	September 6, 2030
25. .	君乐宝白小纯	29	The Company	42612317	PRC	September 13, 2030
26. .	君乐宝白小纯	16	The Company	42604587	PRC	September 13, 2030
27. .	君乐宝白小纯	25	The Company	42624821	PRC	September 20, 2030
28. .	君乐宝简醇	29	The Company	43674793	PRC	October 6, 2030
29. .	君乐宝至臻	5	The Company	32243095	PRC	October 27, 2030
30. .	源芝土地	29	The Company	37534258	PRC	November 6, 2030
31. .	旗帜	5	Banner Dairy	47940297	PRC	March 6, 2031
32. .	诠适爱	5	The Company	48998398	PRC	March 20, 2031
33. .	诠适爱	29	The Company	48993068	PRC	March 20, 2031
34. .	源	29	The Company	43679205	PRC	June 6, 2031
35. .	君乐宝优萃	29	The Company	43290455	PRC	June 13, 2031
36. .		29	The Company	45948034	PRC	July 13, 2031
37. .	君乐宝简醇	29	The Company	43646280	PRC	July 13, 2031
38. .	君乐宝乐臻	5	The Company	52295081	PRC	August 13, 2031
39. .	君乐宝乐臻	29	The Company	52275364	PRC	August 13, 2031
40. .	君乐宝	29	The Company	44102551	PRC	October 13, 2031
41. .	优佳牧场	29	The Company	51835784	PRC	October 13, 2031
42. .	小小曲班	29	The Company	53880269	PRC	October 20, 2031
43. .	君乐宝源护	5	The Company	56171299	PRC	November 27, 2031
44. .	简醇	29	The Company	51637411	PRC	December 20, 2031
45. .	诠臻爱	29	The Company	56465426	PRC	December 20, 2031
46. .	诠臻爱	5	The Company	56485058	PRC	December 20, 2031
47. .	简醇	29	The Company	55390264	PRC	January 20, 2032
48. .	至臻爱	5	The Company	60254781	PRC	April 20, 2032

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Expiry Date
49. .	至臻	29	The Company	43304387	PRC	July 13, 2032
50. .	开啡尔	29	The Company	60540713	PRC	July 20, 2032
51. .	优草宝爱	29	The Company	63681271	PRC	September 27, 2032
52. .	优草宝爱	5	The Company	63703124	PRC	October 13, 2032
53. .	君乐宝优萃	29	The Company	65532712	PRC	June 27, 2033
54. .	白小纯	27	The Company	66280681	PRC	July 6, 2033
55. .	白小纯	22	The Company	66270135	PRC	July 6, 2033
56. .	君乐宝	29	The Company	65383850	PRC	September 27, 2033
57. .	恬适	5	The Company	67163989	PRC	October 13, 2033
58. .	恬适	1	The Company	67158516	PRC	October 13, 2033
59. .	遇见奶牛	29	The Company	67533200	PRC	November 27, 2033
60. .	[illegible]	29	The Company	11278964	PRC	December 27, 2033
61. .	遇见奶牛	29	The Company	72708852	PRC	January 20, 2034
62. .	君乐宝	29	The Company	7241101	PRC	August 20, 2034
63. .	淳护	5	The Company	63677879	PRC	July 27, 2034
64. .	白小纯	16	The Company	22128925	PRC	January 20, 2028
65. .	君乐宝	29	The Company	34415459	PRC	December 27, 2031
66. .	君畅	32	The Company	18944799	PRC	February 27, 2027
67. .	君畅	16	The Company	19659783	PRC	June 6, 2027
68. .	[illegible]	32	The Company	7796864	PRC	August 27, 2035
69. .	帜萃	29	Banner Dairy	73834812	PRC	February 27, 2034
70. .	唯小鲜	29	The Company	35252985	PRC	August 27, 2029
71. .	君畅	32	The Company	8080079	PRC	February 27, 2031

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Expiry Date
72. .		29	The Company	8080080	PRC	April 20, 2031
73. .		5	The Company	68982436	PRC	November 27, 2033
74. .		32	The Company	12310459	PRC	August 27, 2034
75. .		29	Sikeqi Food Technology (Hebei) Co., Ltd. (思克奇食品科技(河北)有限公司) ("**Sikeqi Hebei**")	52995833	PRC	August 27, 2031
76. .		29	Sikeqi Hebei	68526557	PRC	May 27, 2033
77. .		29	Sikeqi Hebei	59406842	PRC	March 20, 2032
78. .		29	Sikeqi Hebei	70921055	PRC	October 6, 2033
79. .		29	Xi'an Yinqiao Dairy Technology Co., Ltd. (西安銀橋乳業科技有限公司) ("**Xi'an Yinqiao**")	3981866	PRC	February 13, 2036
80. .		5	Xi'an Yinqiao	21283558	PRC	November 13, 2027
81. .		29	Xi'an Yinqiao	30042919	PRC	April 20, 2029
82. .		5	Xi'an Yinqiao	39472385	PRC	March 13, 2030
83. .		5	Xi'an Yinqiao	39461761	PRC	March 13, 2030
84. .		5	Xi'an Yinqiao	61421470	PRC	June 27, 2032
85. .		29	Xi'an Yinqiao	82073520	PRC	June 6, 2035
86. .		29	Dali LESSON Dairy Co., Ltd. (大理來思爾乳業有限公司) ("**Dali LESSON**")	1067090	PRC	July 27, 2027
87. .		29	Dali LESSON	20996522	PRC	December 6, 2027
88. .		29	Dali LESSON	35152199	PRC	July 27, 2029
89. .		5, 29, 30, 32	The Company	306958973	Hong Kong	July 9, 2035

Patents

As of the Latest Practicable Date, we are the owner of the following patents which we consider to be or may be material to our business:

No.	Patent description	Registered Owner	Place of Registration	Patent Number	Filing Date
1. . . .	Lactobacillus casei N1115, its immunomodulatory effects and applications (乾酪乳桿菌N1115、其免疫調節作用及應用)	the Company	PRC	2011103570588	November 11, 2011
2. . . .	Fermented milk containing Lactobacillus kefiri for intestinal regulation and its preparation method (整腸作用的包含開菲爾乳桿菌的發酵乳及其製備方法)	the Company	PRC	2014107810758	December 17, 2014
3. . . .	Fermented milk with high probiotic count and its preparation method (高益生菌數發酵乳及其製備方法)	the Company	PRC	2015109525014	December 17, 2015
4. . . .	Fermented milk with high viable bacterial count during shelf life and its preparation method (一種在保質期內具有高活菌數的發酵乳及其製備方法)	the Company	PRC	2015109594118	December 21, 2015
5. . . .	Lyophilized starter culture of Lactobacillus paracasei N1115 and its preparation method (副乾酪乳桿菌N1115凍乾粉發酵劑及其製備方法)	the Company	PRC	2016112398733	December 28, 2016
6. . . .	Lactobacillus plantarum JMCC0017 with good survival in dairy beverages, its screening method and applications (在乳飲料中有良好存活性的植物乳桿菌JMCC0017、其篩選方法及應用)	the Company	PRC	2016112466092	December 29, 2016
7. . . .	Lactobacillus bulgaricus JMCC0018 with high acetaldehyde production, its isolation and purification method and applications (高產乙醛的保加利亞乳桿菌JMCC0018、其分離純化方法及應用)	the Company	PRC	2017113597620	December 17, 2017
8. . . .	Fermented milk containing Lactobacillus kefiri and its preparation method (一種含有開菲爾乳桿菌的發酵乳及其製備方法)	the Company	PRC	2017113597546	December 17, 2017

No.	Patent description	Registered Owner	Place of Registration	Patent Number	Filing Date
9.	Sports-type lactic acid bacteria beverage with enhanced immunity and its preparation method (具有增強免疫力的運動型乳酸菌飲料及其製備方法)	the Company	PRC	2018104226626	May 5, 2018
10.	Sports-type fermented dairy product and its preparation method (運動型發酵乳製品及製備方法)	the Company	PRC	201811008073X	August 31, 2018
11.	Weak post-acidification Streptococcus thermophilus JMCC16, its isolation and purification method and applications (弱後酸化的嗜熱鏈球菌JMCC16、分離純化方法及應用)	the Company	PRC	2018114879525	December 6, 2018
12.	Streptococcus thermophilus JMCC0022 with deposit number CGMCC NO.15822, its isolation and purification method and applications (保藏編號為CGMCC NO.15822的嗜熱鏈球菌JMCC0022、其分離純化方法及應用)	the Company	PRC	2018114875492	December 6, 2018
13.	Packaging bottle (Yue Xian Huo) (包裝瓶(悅鮮活))	the Company	PRC	2020301235284	April 2, 2020
14.	Bifidobacterium animalis subsp. lactis i797, its isolation and purification method and applications (動物雙歧桿菌乳亞種i797、其分離純化方法及應用)	the Company	PRC	2020102592108	April 3, 2020
15.	Human milk-inspired compound probiotic microcapsule powder and its preparation method and applications (母乳化的複合益生菌微膠囊粉及其製備方法和應用)	the Company	PRC	2020102588047	April 3, 2020
16.	Closed fresh milk delivery system and corresponding delivery method (鮮奶密閉輸送系統及相應的輸送方法)	the Company	PRC	202010577657X	June 23, 2020
17.	Bifidobacterium longum subsp. longum i772, its isolation and purification method and applications (長雙歧桿菌長亞種i772、其分離純化方法及應用)	the Company	PRC	2020113613165	November 27, 2020
18.	Bifidobacterium bifidum i771, its isolation and purification method and applications (兩歧雙歧桿菌i771、其分離純化方法及應用)	the Company	PRC	2020113613273	November 27, 2020

No.	Patent description	Registered Owner	Place of Registration	Patent Number	Filing Date
19.	Additive-free skimmed yogurt starter culture and its applications (一種無添加脱脂酸奶發酵劑及其應用)	the Company	PRC	2021112195246	October 20, 2021
20.	Fruit and vegetable dairy product and its preparation method (一種果蔬乳製品及其製備方法)	the Company	PRC	2021114319421	November 29, 2021
21.	Composition containing Bifidobacterium breve i1088 and human milk oligosaccharides and its applications (含短雙歧桿菌i1088和母乳低聚糖的組合物及其應用)	the Company	PRC	2023111724970	September 12, 2023
22.	Packaging bottle (Jian Chun 430) (包裝瓶(簡醇430))	the Company	PRC	2025301368880	March 20, 2025
23.	Kefir starter culture composed of 10 strains, K-10 flavored fermented milk and its preparation method (10種菌株配比的kefir菌群發酵劑、K-10風味發酵乳及其製備方法)	Siping Junlebao Dairy	PRC	2022116720524	December 26, 2022
24.	Bone health-promoting composition and its applications (促進骨骼健康的組合物及其應用)	the Company, Siping Junlebao Dairy	PRC	2024112414073	September 5, 2024
25.	Leuconostoc mesenteroides subsp. mesenteroides JMCC0041 for cheese fermentation and its applications (用於奶酪發酵的腸膜明串珠菌腸膜亞種JMCC0041及其應用)	the Company, Siping Junlebao Dairy	PRC	202511453170X	October 13, 2025
26.	Streptococcus thermophilus JMCC0019 producing exopolysaccharides, its isolation and purification method and applications (一株產胞外多糖的嗜熱鏈球菌JMCC0019、其分離純化方法及應用)	Zhengyang Junlebao Dairy	PRC	2017113600002	December 17, 2017

Copyrights

As of the Latest Practicable Date, we are the owner of the following copyrights which we consider to be material to our business:

No.	Copyright	Registered Owner	Place of Registration	Patent Number	Registration Date
1. . . .	至臻奶粉罐的包裝設計	the Company	PRC	冀作登字2015-F-0134	September 11, 2015
2. . . .	君暢乳酸菌飲料的包裝設計	the Company	PRC	冀作登字2016-F-0097	April 29, 2016
3. . . .	君暢商標設計	the Company	PRC	冀作登字2017-F-0361號	April 14, 2017
4. . . .	優致牧場商標設計	the Company	PRC	冀作登字2017-F-0363號	April 14, 2017
5. . . .	小小魯班奶粉罐的包裝設計	the Company	PRC	冀作登字2017-F-0498號	May 19, 2017
6. . . .	簡醇酸牛奶的包裝設計	the Company	PRC	冀作登字2017-F-1393號	December 8, 2017
7. . . .	慢醇酸牛奶的包裝設計	the Company	PRC	冀作登字2017-F-1392號	December 8, 2017
8. . . .	悅鮮活牛奶	the Company	PRC	國作登字-2021-F-00178706	August 5, 2021
9. . . .	悅鮮活鮮牛奶系列包裝	the Company	PRC	國作登字-2024-F-00082341	March 14, 2024
10. . .	思克奇圖標	Sikeqi Hebei	PRC	國作登字2021-F-00165825	July 21, 2021
11. . .	思克奇標誌	Sikeqi Hebei	PRC	國作登字-2021-F-00139937	June 23, 2021
12. . .	大理	Dali LESSON	PRC	國作登字-2015-F-00241163	December 17, 2015
13. . .	鮮活菌	Dali LESSON	PRC	國作登字-2019-F-00789172	May 24, 2019
14. . .	鮮活菌	Dali LESSON	PRC	國作登字-2020-F-00967693	January 3, 2020
15. . .	來思爾鮮活菌	Dali LESSON	PRC	國作登字-2019-F-00829816	July 19, 2019
16. . .	摩菲水牛品牌主視覺(牛頭形象)	Dali LESSON	PRC	國作登字-2023-F-00151005	July 21, 2023

As of the Latest Practicable Date, we are the owner of the following software copyrights which we consider to be material to our business:

No.	Copyright	Registered Owner	Place of Registration	Patent Number	Registration Date
1. . . .	Junlebao Dairy DMS Dealer Distribution System [Abbreviation: Junlebao DMS System] v1.0.4 (君樂寶乳業DMS經銷商分銷系統[簡稱:君樂寶DMS系統]v1.0.4)	the Company	PRC	2019SR0141054	February 14, 2019

No.	Copyright	Registered Owner	Place of Registration	Patent Number	Registration Date
2. . . .	Junlebao Dairy Product Supply Chain Cloud Platform System [Abbreviation: Lexiang] v1.0 (君樂寶乳製品供應鏈雲平台系統[簡稱:樂享]v1.0)	the Company	PRC	2020SR0975178	August 24, 2020
3. . . .	Artificial Intelligence Cloud Platform System [Abbreviation: Lezhi] V3.0 (人工智能雲平台系統[簡稱:樂智]V3.0)	the Company	PRC	2020SR0997211	August 27, 2020
4. . . .	Automatic Box Turning System V1.0 (自動翻箱系統V1.0)	the Company	PRC	2021SR1041972	July 15, 2021
5. . . .	Intelligent Ranch Asset Management Platform Based on SAP System V1.0 (基於SAP系統的智慧牧場資產管理平台V1.0)	the Company	PRC	2023SR0544819	May 16, 2023
6. . . .	Junlebao Quality and Laboratory Information Management System V1.0 (君樂寶質量及實驗室信息管理系統V1.0)	the Company	PRC	2023SR0623167	June 12, 2023
7. . . .	LESSON Environmental Monitoring Sample Circulation Management System V1.0 (來思爾環境監測樣品流轉管理系統V1.0)	Dali LESSON	PRC	2010SR023679	May 20, 2010
8. . . .	LESSON Laboratory Analysis Integrated Management System V1.0 (來思爾實驗室分析綜合管理系統V1.0)	Dali LESSON	PRC	2010SR023678	May 20, 2010

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1. . .	junlebaoruye.com	the Company	PRC	October 14, 2031
2. . .	jlbry.cn	the Company	PRC	May 7, 2029
3. . . .	jlbry.com	the Company	PRC	May 7, 2029
4. . .	qizhirupin.com	Banner Dairy	PRC	November 19, 2026
5. . .	qizhirupin.cn	Banner Dairy	PRC	November 19, 2027
6. . .	qizhirupin.com.cn	Banner Dairy	PRC	November 19, 2026
7. . .	ynlesson.com	Dali LESSON	PRC	September 30, 2034
8. . .	xianyinqiao.com	Xi'an Yinqiao	PRC	April 29, 2027
9. . .	yinqiaogroup.com	Xi'an Yinqiao	PRC	June 13, 2032

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders" in this Document, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders" in this Document, immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholder in other members of the Group

So far as the Directors are aware, the following persons (other than our Company, and any subsidiaries of our Group) are entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of our subsidiaries:

Member of our Group	Name of the shareholder	Percentage of shareholding
Banner Dairy	Wei Liqiang (魏立強)	12.66%
Banner Farming	Wei Liqiang (魏立強)	12.66%
Jiangsu Junlebao Dairy	Jiangsu Guorun Dairy Co., Ltd. (江蘇國潤乳業有限公司)	49.00%
Xuzhou Leyuan Farming Co., Ltd. (徐州樂源牧業有限公司)	Jiangsu Yongxin Investment Development Co., Ltd. (江蘇永鑫投資發展有限公司)	40.00%
Shenzexian Junchuang Yimu Farming Co., Ltd. (深澤縣君創壹牧牧業有限公司)	Shijiazhuang Hongrun Agricultural Technology Co., Ltd. (石家莊宏潤農業科技有限公司)	10.72%
Shenzexian Junchuang Ermu Farming Co., Ltd. (深澤縣君創貳牧牧業有限公司)	Shenzexian Huanze Agricultural Development Co., Ltd. (深澤縣環澤農業開發有限公司)	45.71%
Leyuan Junkai (Weixian) Farming Co., Ltd. (樂源君凱(威縣)牧業有限公司)	Shijiazhuang Runde Zhiying I Corporate Management Center (Limited Partnership) (石家莊潤德智盈壹號企業管理中心(有限合夥))	22.83%
Leyuan Junhui (Cangzhou) Farming Co., Ltd. (樂源君輝(滄州)牧業有限公司)	Niu Guojuan	17.50%
	Hebei Hengjie Air Conditioning and Environmental Protection Equipment Engineering Co., Ltd. (河北恒潔空調環保設備工程有限公司)	10.00%
	Duan Zhiliang	10.00%

Member of our Group	Name of the shareholder	Percentage of shareholding
Xinxiang Leyuan Farming Co., Ltd. (新鄉樂源牧業有限公司)	Daka International Enterprise Management Co., Ltd. (大咖國際企業管理有限公司)	35.00%
Shijiazhuang Delian Plastic Packaging Container Co., Ltd. (石家莊德聯塑料包裝容器有限公司)	Shijiazhuang Mingxin Plastic Products Co., Ltd. (石家莊明鑫塑料製品有限公司)	49.00%
Haixingxian Leyuanjia Farming Co., Ltd. (海興縣樂源家牧業有限公司)	Haixingxian Yimin Poverty Alleviation and Development Industry Co., Ltd. (海興縣益民扶貧開發產業有限公司)	49.80%
Xiangyun Leyuan Farming Co., Ltd. (祥雲樂源牧業有限公司)	Yunnan Dali Yunxiang Farming Co., Ltd. (雲南大理雲祥牧業有限公司)	40.00%
Tianchang Leyuan Farming Co., Ltd. (天長樂源牧業有限公司)	Tianchang Agricultural Development Co., Ltd. (天長市農業發展有限公司)	30.00%
Xi'an Yinqiao	Silver Bridge International Group Holdings Pte. Ltd.	20.00%
Sikeqi Hebei	Shijiazhuang Baichuan Guangzhi Enterprise Management Center (Limited Partnership) (石家莊百川廣志企業管理中心(有限合夥))	10.63%
Sikeqi Food Technology (Shandong) Co., Ltd. (思克奇食品科技(山東)有限公司)	Shenghui Enterprise Management (Zaozhuang) Partnership (Limited Partnership) (晟慧企業管理(棗莊)合夥企業(有限合夥))	42.86%
Dali LESSON	Yang Zibiao	15.01%
	Dong Jiansheng	14.69%

Particulars of Directors' Service Contracts

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Resignation of Directors and supervisors during the Track Record Period

As disclosed in note (XI)5(5) of the Accountants' Report, during the Track Record Period, several Directors and supervisors of the Company have resigned from their then positions, detailed as follows:

Mr. Wei Liqiang (an employee), Mr. Jiang Shuwang (an employee) and Ms. Huang Yafang (an employee), currently each an employee of the Company, resigned as Directors in December 2023, December 2023 and March 2025, respectively, all due to the Company's board composition adjustments. Mr. Wang Shiwei (an employee and Director then representing Hongqi Dairy Factory), resigned in July 2023, after Hongqi Dairy Factory transferred its entire equity interest and ceased to be a Shareholder. Each of them remained as an employee and held other positions in the Company after their resignation as Directors.

Mr. Feng Yue (representing Rural Industry Investment), Mr. Lu Di (representing Hai Nan Jun Shi), and Mr. Chen Shuo (representing Ping An Capital) resigned in December 2023, as the relevant Shareholders no longer held the rights to recommend Directors.

Mr. Liu Xiangdong resigned as an independent Director in January 2026 to facilitate the Company's compliance with the Hong Kong listing requirement regarding having a Director resident in Hong Kong.

Regarding the supervisory committee of the Company, Mr. Su Lei (introduced by Hai Nan Jun Shi) resigned in December 2023, as the relevant Shareholder no longer held the rights to recommend supervisor. In March 2025, the Company cancelled its supervisory committee in compliance with the PRC Company Law, and Mr. Guo Jingfeng and Mr. Jiang Shuwang (both of whom remained as employees of the Group) and Mr. Feng Dan (introduced by Primavera Capital Group) resigned from their positions as supervisors.

Disclaimers

(a) save as disclosed in the section headed "Substantial Shareholders" in this Document and this section, none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**] on the Stock Exchange;

(b) save as disclosed in the section headed "Substantial Shareholders" in this Document, none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued Shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group in each year during the Track Record Period; and

(d) none of our Directors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

    i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

    ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

EMPLOYEE INCENTIVE PLATFORMS

For the efficient management, administration and implementation of the employee incentive plans, the employees of our Group were granted direct or indirect partnership interests in the Employee Incentive Platforms or entities established to hold limited partnership interests in the Employee Incentive Platforms (the "**Sub-Platforms**"). See "History, Development and Corporate Structure" in this Document for more information.

Save as disclosed below, as of the Latest Practicable Date, there were no other Directors, senior management or connected persons at the Company level who were limited partners of the Employee Incentive Platforms and/or the Sub-Platforms, or persons interested in any of them as to 30% or more:

		Partnership interest in the respective Employee Incentive Platforms or Sub-Platforms (%)										
											Other connected persons at the Company level	
The Sub-Platforms and their interest in the respective Employee Incentive Platform (%)		Mr. Wei[1]	Ms. Wu Wennan (吳文楠)[1]	Mr. Liu Senmiao (劉森淼)[1]	Ms. Zhong Yan (仲岩)[1]	Mr. Tian Xiao (田曉)[1]	Mr. Hou Xinfeng (侯新峰)[1]	Mr. Yang Hongbin (楊洪濱)[1]	Ms. Huang Yafang (黃亞芳)[1]	Mr. Wang Xiaoyue (王曉悅)[1]	Name	Partnership interest
												(%)
Lehui Ruisheng[2]	/	99.99	–	–	–	–	–	–	–	–	–	–
Yuehui Xinghong[3]												
Shijiazhuang Yuehui Xinghong II Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳號企業管理中心(有限合夥)) ("**Yuehui Xinghong II**")[4]	43.53	4.19	–	3.98	2.45	2.71	3.55	2.45	5.11	0.51	He Handong (何捍東)[9]	4.60
Shijiazhuang Yuehui Xinghong XXIV Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾肆號企業管理中心(有限合夥))[4]	2.89	1.39	2.23	–	–	–	–	–	–	–	–	–
Shijiazhuang Yuehui Xinghong XXX Corporate Management Center (Limited Partnership) (石家莊悅慧興泓叁拾號企業管理中心(有限合夥))[4]	2.85	4.68	–	–	–	1.56	–	–	–	–	–	–
Shijiazhuang Yuehui Xinghong XVII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾柒號企業管理中心(有限合夥))[4]	2.73	5.70	–	–	2.45	–	–	–	–	–	–	–
Shijiazhuang Yuehui Xinghong XVIII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾捌號企業管理中心(有限合夥))[4]	2.69	2.06	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Yuehui Xinghong XXVIII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾捌號企業管理中心(有限合夥))[4]	2.65	18.47	–	6.55	–	–	–	–	–	–	–	–
Shijiazhuang Yuehui Xinghong XXII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾貳號企業管理中心(有限合夥))[4]	2.64	1.68	0.42	–	–	–	–	–	–	–	–	–

The Sub-Platforms and their interest in the respective Employee Incentive Platform (%)	Partnership interest in the respective Employee Incentive Platforms or Sub-Platforms (%)										Other connected persons at the Company level	
	Mr. Wei[1]	Ms. Wu Wennan (吳文楠)[1]	Mr. Liu Senmiao (劉森淼)[1]	Ms. Zhong Yan (仲岩)[1]	Mr. Tian Xiao (田曉)[1]	Mr. Hou Xinfeng (侯新峰)[1]	Mr. Yang Hongbin (楊洪濱)[1]	Ms. Huang Yafang (黃亞芳)[1]	Mr. Wang Xiaoyue (王曉岳)[1]	Name	Partnership interest
											(%)
Shijiazhuang Yuehui Xinghong V Corporate Management Center (Limited Partnership) (石家莊悅慧興泓伍號企業管理中心(有限合夥))[4]	2.50	25.75	23.62	–	–	1.78	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XXV Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾伍號企業管理中心(有限合夥))[4]	2.47	–	–	–	–	0.90	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XIV Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾肆號企業管理中心(有限合夥))	2.42	8.26	–	–	–	13.77	–	–	–	– Wei Keyao (魏可堯)[9]	2.75
Shijiazhuang Yuehui Xinghong XXVI Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾陸號企業管理中心(有限合夥))[4]	2.41	–	–	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾貳號企業管理中心(有限合夥))[4]	2.41	0.92	6.46	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XV Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾伍號企業管理中心(有限合夥))[4]	2.35	2.84	–	–	–	0.28	–	–	–	– Wei Keyao (魏可堯)[9]	0.95
Shijiazhuang Yuehui Xinghong XXVII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾柒號企業管理中心(有限合夥))[4]	2.26	4.91	1.57	–	–	5.89	–	–	–	4.91 –	–
Shijiazhuang Yuehui Xinghong XIX Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾玖號企業管理中心(有限合夥))[4]	2.23	5.98	–	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XI Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾壹號企業管理中心(有限合夥))[4]	2.12	2.10	–	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong VI Corporate Management Center (Limited Partnership) (石家莊悅慧興泓陸號企業管理中心(有限合夥))[4]	2.11	6.32	3.16	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong VII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓柒號企業管理中心(有限合夥))[4]	2.11	5.27	–	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XX Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾號企業管理中心(有限合夥))[4]	2.00	2.22	8.31	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XXIII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾叁號企業管理中心(有限合夥))[4]	1.95	1.14	–	–	–	2.28	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong X Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾號企業管理中心(有限合夥))[4]	1.88	4.72	8.25	–	–	–	–	–	–	– –	–

The Sub-Platforms and their interest in the respective Employee Incentive Platform (%)	Partnership interest in the respective Employee Incentive Platforms or Sub-Platforms (%)											Other connected persons at the Company level	
	Mr. Wei[1]	Ms. Wu Wennan (吳文楠)[1]	Mr. Liu Senmiao (劉森淼)[1]	Ms. Zhong Yan (仲岩)[1]	Mr. Tian Xiao (田曉)[1]	Mr. Hou Xinfeng (侯新峰)[1]	Mr. Yang Hongbin (楊洪濱)[1]	Ms. Huang Yafang (黃亞芳)[1]	Mr. Wang Xiaoyue (王曉岳)[1]	Name	Partnership interest
											(%)
Shijiazhuang Yuehui Xinghong XXI Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾壹號企業管理中心(有限合夥))[4]	1.76	–	1.26	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XIX Corporate Management Center (Limited Partnership) (石家莊悅慧興泓貳拾玖號企業管理中心(有限合夥))[4]	1.75	1.27	–	–	–	1.27	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong IX Corporate Management Center (Limited Partnership) (石家莊悅慧興泓玖號企業管理中心(有限合夥))[4]	1.71	5.19	–	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XVI Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾陸號企業管理中心(有限合夥))[4]	1.38	–	–	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong XIII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓拾叁號企業管理中心(有限合夥))[4]	1.34	16.61	3.32	–	–	–	–	–	–	– –	–
Shijiazhuang Yuehui Xinghong VIII Corporate Management Center (Limited Partnership) (石家莊悅慧興泓捌號企業管理中心(有限合夥))[4]	0.85	43.04	1.31	–	–	–	–	–	–	– –	–
Yuehui Xinghong I[5]	/	7.67	–	7.67	9.92	1.50	5.11	7.67	7.67	–	Mr. Wei Liqiang (魏立強)[9]	48.87
Zhenlecheng[6]												
Shijiazhuang Zhenlecheng I Corporate Management Center (Limited Partnership) (石家莊臻樂誠壹號企業管理中心(有限合夥)) ("**Zhenlecheng I**")[4]	59.25	11.88	5.53	6.13	5.54	6.13	6.13	5.86	5.53	2.17	Mr. Wei Liqiang (魏立強)[9]	2.71
											He Handong (何捍東)[9]	3.82
											Wei Keyao (魏可堯)[9]	0.11
Shijiazhuang Zhenlecheng II Corporate Management Center (Limited Partnership) (石家莊臻樂誠貳號企業管理中心(有限合夥))[4]	6.92	–	–	–	–	–	–	–	–	– –		–
Shijiazhuang Zhenlecheng X Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾號企業管理中心(有限合夥))	5.51	–	–	–	–	–	–	–	–	– –		–

The Sub-Platforms and their interest in the respective Employee Incentive Platform (%)	Partnership interest in the respective Employee Incentive Platforms or Sub-Platforms (%)											Other connected persons at the Company level	
		Mr. Wei[1]	Ms. Wu Wennan (吳文楠)[1]	Mr. Liu Senmiao (劉森淼)[1]	Ms. Zhong Yan (仲岩)[1]	Mr. Tian Xiao (田曉)[1]	Mr. Hou Xinfeng (侯新峰)[1]	Mr. Yang Hongbin (楊洪濱)[1]	Ms. Huang Yafang (黃亞芳)[1]	Mr. Wang Xiaoyue (王曉岳)[1]	Name	Partnership interest
												(%)
Shijiazhuang Zhenlecheng VI Corporate Management Center (Limited Partnership) (石家莊臻樂誠陸號企業管理中心(有限合夥))[4]	4.65	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng VIII Corporate Management Center (Limited Partnership) (石家莊臻樂誠捌號企業管理中心(有限合夥))[4]	4.47	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng III Corporate Management Center (Limited Partnership) (石家莊臻樂誠叁號企業管理中心(有限合夥))	3.98	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng VII Corporate Management Center (Limited Partnership) (石家莊臻樂誠柒號企業管理中心(有限合夥))[4]	3.58	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng IX Corporate Management Center (Limited Partnership) (石家莊臻樂誠玖號企業管理中心(有限合夥))[4]	3.54	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng IV Corporate Management Center (Limited Partnership) (石家莊臻樂誠肆號企業管理中心(有限合夥))[4]	3.40	–	–	–	–	–	–	–	–	–	He Handong (何翰東)[9]	2.83
Shijiazhuang Zhenlecheng XI Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾壹號企業管理中心(有限合夥))[4]	2.48	–	–	–	–	–	–	–	–	–	He Handong (何翰東)[9]	1.61
Shijiazhuang Zhenlecheng V Corporate Management Center (Limited Partnership) (石家莊臻樂誠伍號企業管理中心(有限合夥))[4]	2.20	–	–	–	–	–	–	–	–	–	He Handong (何翰東)[9]	1.82
Zhenlecheng XII[7]												
Shijiazhuang Zhenlecheng XVII Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾柒號企業管理中心(有限合夥))[8]	20.33	–	4.00	3.67	6.67	–	3.33	6.67	3.33	5.00	He Handong (何翰東)[9]	3.33
Shijiazhuang Zhenlecheng XV Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾伍號企業管理中心(有限合夥))[8]	10.48	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XIV Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾肆號企業管理中心(有限合夥))[8]	9.83	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XXI Corporate Management Center (Limited Partnership) (石家莊臻樂誠貳拾壹號企業管理中心(有限合夥))[8]	8.15	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XVIII Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾捌號企業管理中心(有限合夥))[8]	8.00	–	–	–	–	–	–	–	–	–	–	–

The Sub-Platforms and their interest in the respective Employee Incentive Platform (%)		Partnership interest in the respective Employee Incentive Platforms or Sub-Platforms (%)											
		Mr. Wei[1]	Ms. Wu Wennan (吳文楠)[1]	Mr. Liu Senmiao (劉森淼)[1]	Ms. Zhong Yan (仲岩)[1]	Mr. Tian Xiao (田曉)[1]	Mr. Hou Xinfeng (侯新峰)[1]	Mr. Yang Hongbin (楊洪濱)[1]	Ms. Huang Yafang (黃亞芳)[1]	Mr. Wang Xiaoyue (王曉悅)[1]	Other connected persons at the Company level	
											Name	Partnership interest
												(%)
Shijiazhuang Zhenlecheng XIX Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾玖號企業管理中心(有限合夥))[8]	7.97	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XX Corporate Management Center (Limited Partnership) (石家莊臻樂誠貳拾號企業管理中心(有限合夥))[8]	7.78	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XVI Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾陸號企業管理中心(有限合夥))[8]	7.35	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XXIII Corporate Management Center (Limited Partnership) (石家莊臻樂誠貳拾叁號企業管理中心(有限合夥))[8]	7.01	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XIII Corporate Management Center (Limited Partnership) (石家莊臻樂誠拾叁號企業管理中心(有限合夥))[8]	6.59	–	–	–	–	–	–	–	–	–	–	–
Shijiazhuang Zhenlecheng XXII Corporate Management Center (Limited Partnership) (石家莊臻樂誠貳拾貳號企業管理中心(有限合夥))[8]	6.51	–	–	–	–	–	–	–	–	–	–	–

Notes:

(1) Each being a Director or member of senior management of our Company. For details, see "Directors and Senior Management" in this Document.

(2) Lehui Ruisheng is an Employee Incentive Platform managed by Lehui Consulting as its general partner. Lehui Consulting is held by Mr. Wei as to 99% and Mr. Liu Senmiao, our executive Director, as to 1%. Lehui Ruisheng is held as to 99.99% by Mr. Wei as its sole limited partner and has no Sub-Platform.

(3) Yuehui Xinghong is an Employee Incentive Platform also managed by Lehui Consulting as its general partner. Yuehui Xinghong has 27 limited partners as its Sub-Platforms, and, except for Yuehui Xinghong II holding approximately 43.53% partnership interest therein, none of its other limited partner holds 30% or more of the partnership interest therein. None of the limited partners of Yuehui Xinghong II holds 30% or more of the partnership interest therein.

(4) Each of those entities (including Yuehui Xinghong II and Zhenlecheng I (as defined below)) is managed by Shijiazhuang Yuehui Corporate Management Consulting Co., Ltd. (石家莊悅慧企業管理諮詢有限公司), a company held as to 51% by Jiang Shuwang (姜樹旺) and 49% by Guo Jingfeng (郭景峰), each being an employee of our Company, respectively.

(5) Yuehui Xinghong I is an Employee Incentive Platform also managed by Lehui Consulting as its general partner. Yuehui Xinghong I has no Sub-Platform.

(6) Zhenlecheng is an Employee Incentive Platform also managed by Lehui Consulting as its general partner. Zhenlecheng has 11 limited partners as its Sub-Platforms, and, except for Zhenlecheng I holding approximately 59.25% partnership interest therein, none of its other limited partners holds 30% or more of the partnership interest therein.

(7) Each of those entities is managed by Shijiazhuang Shengquantai Corporate Management Co., Ltd. (石家莊盛銓泰企業管理有限公司), a company held as to 90% by He Peiqun (何培群) and 10% by Fu Yuhan (付雨涵), each being an employee of our Company, respectively.

(8) Zhenlecheng XII is an Employee Incentive Platform also managed by Lehui Consulting as its general partner. Zhenlecheng XII has 11 limited partners as its Sub-Platforms, and none of its limited partners holds 30% or more of the partnership interest therein.

(9) Each being a connected person and employee of our Company.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are Shareholders of our Company immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [**REDACTED**] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2026 (being the date to which the latest consolidated financial statements of our Group were prepared).

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO

Name	Qualification
Morgan Stanley Asia Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Grandall Law Firm (Shanghai)	Legal advisor to our Company as to PRC law
Deloitte Touche Tohmatsu Certified Public Accountants LLP	Certified Public Accountants Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Asia-Pacific Consulting and Appraisal Limited	Independent biological asset valuer

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to "Qualifications of Experts" of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors' fees payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the [**REDACTED**] on the Stock Exchange is US$1.2 million in aggregate.

Binding Effect

This Document shall have the effect, if an [**REDACTED**] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any Share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Shares of our Company;

(b) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) save as disclosed in the section headed "Regulatory Overview" in this Document, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contract" in Appendix IV to this Document; and

(b) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.junlebaoruye.com/** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report from Deloitte Touche Tohmatsu Certified Public Accountants LLP, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(d) the report from Deloitte Touche Tohmatsu Certified Public Accountants LLP on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract" in this Document;

(f) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Consents of Experts" in this Document;

(g) the service contracts and letters of appointment referred to in "Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Particulars of Directors' Service Contracts" in this Document;

(h) the legal opinions issued by Grandall Law Firm (Shanghai), our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in "Industry Overview" in this Document;

(j) the valuation reports relating to the fair values of biological assets belonging to our Group prepared by Asia-Pacific Consulting and Appraisal Limited, an independent qualified professional valuer; and

(k) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.