OVERVIEW

We have, in our ordinary and usual course of business, entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Listing Rules). Upon [**REDACTED**], the transactions contemplated under such agreements will continue and therefore constitute continuing connected transactions of our Company under the Listing Rules.

CONNECTED PERSON

Upon [**REDACTED**], the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Company:

Connected Person	Connected Relationship
Mr. Ma Jiajun (馬佳軍) ("**Mr. Ma**") and his majority-controlled entities ("**Mr. Ma Controlled Entities**")	Mr. Ma is the brother of Ms. Ma Jiahui (馬佳慧), a substantial shareholder, a director and the general manager of Saishang Baifei. Accordingly, Mr. Ma is an associate of Ms. Ma and Mr. Ma Controlled Entities are therefore connected persons of our Company at the subsidiary level.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Counterparties	Applicable Listing Rules	Waiver Sought
1. Raw Milk Purchase Framework Agreement	Mr. Ma	14A.35, 14A.76(2) and 14A.105	Announcement
2. Logistics Services Framework Agreement	Mr. Ma	14A.35, 14A.76(2) and 14A.105	Announcement

We set out below a summary of the continuing connected transactions of our Group which are subject to the reporting, annual review and announcement requirements but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Raw Milk Purchase Framework Agreement

Principal terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a framework agreement (the **"Raw Milk Purchase Framework Agreement"**) with Mr. Ma (on behalf of himself and Mr. Ma Controlled Entities), pursuant to which our Group will purchase raw milk from Mr. Ma Controlled Entities. The Raw Milk Purchase Framework Agreement has a term commencing from the [**REDACTED**] to 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. The definitive raw milk purchase agreements to be entered into between members of our Group and Mr. Ma Controlled Entities will set out the specific terms and conditions according to the principal terms of the Raw Milk Purchase Framework Agreement.

Reasons for the Transaction

As a company principally engaged in the production and sale of dairy products, fresh raw milk is a key direct material for our production. Our Group purchases raw

milk from Mr. Ma Controlled Entities primarily due to their ability to provide a stable source of raw milk with consistent quality and quantity. Mr. Ma Controlled Entities operate a number of large-scale dairy farms with relatively strong breeding capabilities and quality control standards, enabling them to provide high-quality raw milk and a stable supply to our Group. In addition, given the concentration of milk sources in northern China and the competitive pricing of raw milk sourced from the region, procurement from Mr. Ma Controlled Entities is commercially beneficial to our Group and is consistent with industry practice. Considering factors such as raw milk quality, supply stability and procurement efficiency, our Directors believe that the continued procurement of raw milk from Mr. Ma Controlled Entities following the [**REDACTED**] is conducted on normal commercial terms, fair and reasonable, and in the interests of our Company and its Shareholders as a whole.

Pricing Policy

The prices and terms of raw milk to be purchased by our Group (including its subsidiaries from time to time) from Mr. Ma Controlled Entities shall in principle be no less favorable than those offered by independent third party dairy farms of similar scale located in the same geographical location with our Group or nearby, or in the absence of such dairy farms in such region, by similar dairy farms in other regions. The purchase price shall be determined after arm's length negotiations between the parties with reference to the type, quality grade, purchase volume and historical transaction price of raw milk, and shall be adjusted with reference to the prevailing market price influenced by factors including the market demand and seasonal factors. The quality of the raw milk supplied by Mr. Ma Controlled Entities shall comply with the standards prescribed by applicable laws and regulations and our Group's quality requirements.

Historical Amounts

Set out below are the historical transaction amounts with respect to our purchase of raw milk from Mr. Ma Controlled Entities during the Track Record Period:

	For the years ended December 31,			For the three months ended March 31,
Transaction	**2023**	**2024**	**2025**	**2026**
		RMB million		
Purchase of raw milk	–	42.82	29.68	0.43

Annual Cap and Basis of Annual Cap

Set out below are the proposed annual caps of the amount payable by our Group to Mr. Ma Controlled Entities for the procurement of raw milk pursuant to the Raw Milk Purchase Framework Agreement for the three years ending December 31, 2028:

	For the years ending December 31,		
Transaction	**2026**	**2027**	**2028**
		RMB million	
Purchase of raw milk . .	34.00	40.80	47.60

In determining such annual caps, our Directors have considered the following factors:

(i) the historical and prevailing market price for raw milk, and potential fluctuations in the market price for raw milk in the future;

(ii) the historical transaction amounts and transaction volumes of raw milk purchased by our Group from Mr. Ma Controlled Entities during the Track Record Period. Based on the latest unaudited consolidated management accounts of our Group and the latest information currently available to our Board, the purchase amount paid by our Group to Mr. Ma Controlled Entities for the six months ended June 30, 2026 was approximately RMB11.25 million;

(iii) the estimated increase in the demand within our Group and from the downstream customers and the production ability of Mr. Ma Controlled Entities in the next three years, based on factors including, among others, the herd size and production plans. In particular, our Group generally increases its purchase of raw milk from Mr. Ma Controlled Entities during the second half of the year, as demand for our products is typically higher in the seasonal peak consumption periods, in order to secure a stable supply of high-quality raw milk to support our production requirements; and

(iv) the possible sustained growth of the PRC dairy industry.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Raw Milk Purchase Framework Agreement is expected to exceed 1% but be less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Logistics Services Framework Agreement

Principal terms

On [●], our Group entered into a framework agreement (the "**Logistics Services Framework Agreement**") with Mr. Ma (on behalf of himself and Mr. Ma Controlled Entities), pursuant to which our Group may from time to time procure the logistics services for transportation of fresh raw milk produced by our self-operated dairy farms from Mr. Ma Controlled Entities. The Logistics Services Framework Agreement has a term commencing from the [**REDACTED**] to 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. The definitive logistics services agreements to be entered into between members of our Group and Mr. Ma Controlled Entities will set out the specific terms and conditions according to the principal terms of the Logistics Services Framework Agreement.

Reasons for the Transaction

Fresh raw milk is a key direct material for our production and requires timely and professional cold-chain logistics services to maintain its quality and freshness during transportation. Mr. Ma Controlled Entities provide fresh raw milk transportation services to our Group in their ordinary and usual course of business. Given their responsiveness, transportation qualifications, specialised vehicles and familiarity with our Group's logistics requirements and transportation arrangements, our Directors believe that the continued engagement of Mr. Ma Controlled Entities will help ensure the timely and stable transportation of fresh raw milk and provide reliable logistics support for our Group's operations.

Pricing Policy

The purchase price payable by our Group for the logistics services is principally determined based on the unit freight rates, transportation distance and the actual quantity of fresh raw milk transported and delivered to the designated location (as measured by the actual weighbridge weight), and shall in principle be no less favorable to our Group and comparable with the price of similar services offered by Independent Third Parties. The unit freight rates are established through arm's length negotiations with reference to (i) the nature, scope and standards of the services required; and (ii) the prevailing market rates for similar services offered by independent third parties.

Historical Amounts

Set out below are the historical transaction amounts with respect to our purchase of logistics services from Mr. Ma Controlled Entities during the Track Record Period:

	For the years ended December 31,			For the three months ended March 31,
Transaction	**2023**	**2024**	**2025**	**2026**
		RMB million		
Procurement of logistics services	–	–	9.75	4.62

Annual Cap and Basis of Annual Cap

Set out below are the proposed annual caps of the amount payable by our Group to Mr. Ma Controlled Entities for the procurement of logistics services pursuant to the Logistics Services Framework Agreement for the three years ending December 31, 2028:

	For the years ending December 31,		
Transaction	**2026**	**2027**	**2028**
		RMB million	
Procurement of logistics services	19.50	21.45	23.40

In determining such annual caps, our Directors have considered the following factors:

(i) the existing logistics service agreements entered into between our Group and Mr. Ma Controlled Entities in relation to the provision of logistics services;

(ii) the estimated volume of fresh raw milk to be transported, with reference to the expected daily raw milk output of our self-operated dairy farms;

(iii) the historical transaction amounts between our Group and Mr. Ma Controlled Entities for the procurement of such logistics services during the Track Record Period; and

(iv) the estimated fees payable to Mr. Ma Controlled Entities for the logistics services, which are determined with reference to the prevailing market rates for comparable cold-chain transportation services, historical fee levels during the Track Record Period, potential fluctuations in service fees and the relevant logistics costs.

Implications under the Listing Rules

As the highest applicable percentage ratio under the Listing Rules in respect of the proposed annual caps under the Logistics Services Framework Agreement is expected to exceed 1% but be less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

Under Rule 14A.76(2) of the Listing Rules, the transactions will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules, which are exempted from the circular and independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under the Listing Rules.

In respect of such continuing connected transactions contemplated under the Raw Milk Purchase Framework Agreement and the Logistics Services Framework Agreement, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Hong Kong Stock Exchange [has granted], waivers exempting our Group from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective proposed annual caps (as stated above). For details of the waivers, see "Waivers from Strict Compliance with Listing Rules."

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described in this section have been entered into and will be entered into (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) that the continuing connected transactions and their respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR'S VIEW

Based on (i) the relevant documents and information provided by our Company in relation to the foregoing partially-exempt continuing connected transactions; (ii) its participation in due diligence and discussions with our Company; and (iii) the confirmation from our Directors disclosed above, the Sole Sponsor is of the view that (i) the continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to further safeguard the interests of our Shareholders as a whole, our Group has implemented the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

(i) we have adopted a connected transaction management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

(ii) prior to the execution of the underlying agreements for the transaction contemplated under the framework agreements, the procurement department of our Company will compare the quotations offered by Mr. Ma Controlled Entities with those offered by Independent Third Parties to ensure that the quotations offered by Mr. Ma Controlled Entities are no less favorable than those offered by Independent Third Parties;

(iii) the finance department and Board office of our Company shall (i) regularly examine the pricing of the transactions under the framework agreements to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amounts under the framework agreements to ensure that our Company complies with all the applicable requirements under the Listing Rules, including those applicable for the revision of the relevant annual cap when appropriate;

(iv) the legal department of our Company has reviewed the terms of the Raw Milk Purchase Framework Agreement and the Logistics Services Framework Agreement and shall in case of any proposed change to the principal terms of the transactions, ensure that our Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and

(v) we shall engage our auditors to, and our independent non-executive Directors will, conduct annual review on the connected transactions and provide annual confirmation in accordance with Rules 14A.56 and 14A.55 of the Listing Rules, respectively.