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.