

CONNECTED TRANSACTIONS

OVERVIEW

Upon [REDACTED], transactions between members of our Group and our connected persons will constitute transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon [REDACTED] and the nature of their relationship with our Group.

Name	Connected Relationship
Hongkong DaFS Limited	A company wholly owned by Ms. Feng’s brother, Mr. Feng Weirong (馮衛榮), and therefore an associate of our Controlling Shareholder
Yangjiang Chuan Popo Food Co., Ltd. (陽江市船婆婆食品有限公司) (“Chuan Popo Food”)	A company owned by Ms. Feng’s two brothers, Mr. Feng Weirong and Mr. Feng Weiguo (馮衛國), as to 50% and 50%, respectively, and therefore an associate of our Controlling Shareholder
Zhongshan Zhaozhao Fresh Food Co., Ltd. (中山市朝朝新鮮食品有限公司) (“Zhaozhao Fresh”)	A company owned by Ms. Feng’s brother, Mr. Feng Weirong, as to 99%, and therefore an associate of our Controlling Shareholder

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Nature of transactions	Applicable Listing Rules	Waiver sought
Non-exempt continuing connected transactions		
Franchise Framework Agreement	14A.35, 14A.76(2), 14A.105	Reporting and announcement
Procurement of Chilled and Prepared Products	14A.35, 14A.36 and 14A.105	Reporting, announcement and independent Shareholders’ approval requirements
Procurement of Pork Products	14A.35, 14A.36 and 14A.105	Reporting, announcement and independent Shareholders’ approval requirements

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Franchise Agreement with Hongkong DaFS Limited

Our Company (as the franchisor) has entered into a franchise agreement (“**Franchise Agreement**”) with Hongkong DaFS Limited (as the franchisee) to grant it the right to use certain of our intellectual properties such as our brand and trademarks and as a franchisee procure products from us. Hongkong DaFS Limited is a company incorporated in Hong Kong in August 2025 and is primarily a personal investment holding vehicle of Mr. Feng Weirong. In April 2026, Hongkong DaFS Limited became our franchisee through the acquisition of an existing franchise store in Hong Kong, and has since operated such store as our franchisee under the Franchise Agreement. Under the Franchise Agreement, the total transaction amount payable to our Group mainly consists of (i) sales of goods to franchisee, primarily including products, equipment, and consumables; and (ii) store royalty fees for franchising services rendered to franchise stores with respect to operation, training, marketing and other support, which are primarily linked to the store sales amount by our franchisee. The Franchise Agreement will expire on December 31, 2028 unless renewed otherwise. The Franchise Agreement is entered into in the ordinary and usual course of business of our Group. The

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transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

Pricing basis and pricing policy

The prices of transactions contemplated under the Franchise Agreement shall be determined based on the Group’s unified pricing to all franchisees, which should be no less than the selling price offered by our Group to Independent Third Parties of comparable scale in the same region.

Historical figures

Hongkong DaFS Limited became our franchisee in April 2026 through acquisition of our existing franchise store in Hong Kong, therefore there is no historical transaction amount between Hongkong DaFS Limited and us for the years ended December 31, 2023, 2024 and 2025. The transaction amount between Hongkong DaFS Limited and us was approximately RMB1.3 million for the six months ended June 30, 2026. For reference, the transaction amounts attributable to the franchise store acquired by Hongkong DaFS Limited were approximately RMB7.0 million, RMB7.6 million, RMB6.4 million and RMB2.6 million for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Annual Caps

The maximum total transaction amount payable by Hongkong DaFS Limited to our Group for the period from the [REDACTED] to December 31, 2026 and the years ending December 31, 2027 and 2028 is expected to be RMB0.6 million, RMB8.2 million and RMB8.8 million, respectively.

Basis of Annual Caps

In determining the above proposed annual caps, our Directors have considered, among other things, the following factors:

- i. Historical average transaction amounts (i.e. RMB7.0 million/year) for the three financial years ended December 31, 2025 paid by the existing franchise store that Hongkong DaFS Limited acquired; and
- ii. The expected increase in procurement volume of the franchise store operated by Hongkong DaFS Limited due to the potential growth of the sales of the franchise store, which is expected to increase by 8% per year in 2026, 2027 and 2028, taking into account the average historical growth rate of approximately 8% achieved by Hong Kong franchise stores for the three financial years ended December 31, 2025.

Listing Rules Implication

As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5%, the transaction with Hongkong DaFS Limited will, upon [REDACTED], constitute a continuing connected transaction of our Company and be subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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2. Procurement of Chilled and Prepared Products

Parties: Chuan Popo Food and our Company

Principal terms

On [●], we have entered into a procurement framework agreement with Chuan Popo Food pursuant to which our Group agreed to procure chilled and prepared products, such as meatballs (the “**Chilled and Prepared Products Procurement Framework Agreement**”), from Chuan Popo Food and/or its subsidiaries for a term commencing on the [REDACTED] and ending on December 31, 2028, subject to renewal by mutual consent. Subject to the terms of the Chilled and Prepared Products Procurement Framework Agreement, the Group will enter into specific agreements or place purchase orders with Chuan Popo Food to set out specific terms and conditions. The consideration payable by the Group under the Chilled and Prepared Products Procurement Framework Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders. The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons and benefits for the transactions

Chuan Popo Food is a stable and reliable supplier of our Group. We established a business relationship with Chuan Popo Food since 2020. Through the historical cooperation, Chuan Popo Food is also familiar with our quality standard, and chilled and prepared products provided by Chuan Popo Food are proven to be a reliable, timely and efficient supply in support of the Group’s daily business operations.

Pricing basis

The prices of transactions contemplated under the Chilled and Prepared Products Procurement Framework Agreement shall be determined on an arm’s length basis with reference to the prevailing market price, but in any event shall not be higher than the prices of products that can be procured from Independent Third Parties by the Group. To ensure that the terms offered by Chuan Popo Food are in line with normal commercial terms, for any transaction proposed with Chuan Popo Food, our Group will obtain quotations from at least two independent suppliers of similar products. The following factors will be taken into account to determine whether the proposed transaction is on normal commercial terms: (i) the terms of the quotations received, including but not limited to price/fee, transportation arrangement, acceptance arrangement, payment terms and response to the requirements of products set by our Group and (ii) background and historical business relationship between our Group and participating suppliers. The responsible management team will review and consider the quotations provided by all suppliers and only enter into the relevant agreement with Chuan Popo Food after confirming that the terms are on normal commercial terms. The Directors consider that the above procedures can ensure that the transactions under the Chilled and Prepared Products Purchasing Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

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Historical figures, annual caps and basis of caps

The historical connected transaction amounts that we purchased chilled and prepared products from Chuan Popo Food were RMB36.9 million, RMB41.2 million, RMB59.4 million and RMB28.9 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026. Such increase was mainly driven by growing demand for chilled and prepared products, supported by the expansion of our store network and growth in store-level product sales, including the strong performance of certain high-growth SKUs of chilled and prepared products developed by our Group. Our proposed annual caps of the transactions contemplated under the Chilled and Prepared Products Procurement Framework Agreement for the period from the [REDACTED] to December 31, 2026 and the years ending December 31, 2027 and 2028 are RMB5.8 million, RMB95.5 million and RMB121.1 million, respectively.

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

- i. historical transaction amounts for the three financial years ended December 31, 2025 for the procurement of chilled and prepared products from Chuan Popo Food by the Group, after taking into account the CAGR of 26.8% recorded over the same period;
- ii. the potential growth in the number of our stores, taking into account the relatively stable pace of store expansion for the three financial years ended December 31, 2025, which is expected to continue in the three years following [REDACTED];
- iii. the potential growth in product sales of our stores, supported by the strong growth of certain high-growth SKUs of chilled and prepared products for the three financial years ended December 31, 2025 and the Group’s continued efforts to promote existing high-growth SKUs and develop new high-potential SKUs after [REDACTED]; and
- iv. other factors including but not limited to the expected market price of the chilled and prepared products and its future fluctuations, taking into account the costs and expenses relating to raw materials, labor and market trends.

Listing Rules implications

In respect of the transactions under the Chilled and Prepared Products Procurement Framework Agreement, as the highest applicable percentage ratio for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Listing Rules.

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3. Procurement of Pork Products

Parties: Zhaozhao Fresh and our Company

Principal terms

On [●], we have entered into a procurement framework agreement with Zhaozhao Fresh pursuant to which our Group agreed to procure pork products (the “**Pork Products Procurement Framework Agreement**”), from Zhaozhao Fresh and/or its subsidiaries for a term commencing on the [REDACTED] and ending on December 31, 2028, subject to renewal by mutual consent. Subject to the terms of the Pork Products Procurement Framework Agreement, the Group will enter into specific agreements or place purchase orders with Zhaozhao Fresh to set out specific terms and conditions. The consideration payable by the Group under the Pork Products Procurement Framework Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders. The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons and benefits for the transactions

Zhaozhao Fresh is a stable and reliable supplier of our Group. We established business relationship with Zhaozhao Fresh since 2022. Through the historical cooperation, Zhaozhao Fresh is also familiar with our quality standard, and pork products provided by Zhaozhao Fresh are proven to be a reliable, timely and efficient supply in support of the Group’s daily business operations.

Pricing basis

The prices of transactions contemplated under the Pork Products Procurement Framework Agreement shall be determined on an arm’s length basis with reference to the prevailing market price, but in any event shall not be higher than the prices of products that can be procured from Independent Third Parties by the Group. To ensure that the terms offered by Zhaozhao Fresh are in line with normal commercial terms, for any transaction proposed with Zhaozhao Fresh, our Group will obtain quotations from at least two independent suppliers of similar products. The following factors will be taken into account to determine whether the proposed transaction is on normal commercial terms: (i) the terms of the quotations received, including but not limited to price/fee, transportation arrangement, acceptance arrangement, payment terms and response to the requirements of products set by our Group and (ii) background and historical business relationship between our Group and participating suppliers. The responsible management team will review and consider the quotations provided by all suppliers and only enter into the relevant agreement with Zhaozhao Fresh after confirming that the terms are on normal commercial terms. The Directors consider that the above procedures can ensure that the transactions under the Pork Products Purchasing Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

Historical figures, annual caps and basis of caps

The historical connected transaction amounts that we purchased pork products from Zhaozhao Fresh were RMB110.2 million, RMB112.7 million, RMB181.8 million and RMB81.6 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026. Such increase was mainly driven by growing demand for pork products, supported by our store network expansion, growth in store-level product sales and the strong performance of certain high-growth pork product SKUs developed by our Group. Our proposed annual caps of the transactions contemplated under the Pork Products Procurement Framework Agreement for the period from the [REDACTED] to December 31, 2026 and the years ending December 31, 2027 and 2028 are RMB17.9 million, RMB299.9 million and RMB385.2 million, respectively.

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

- i. historical transaction amounts for the three financial years ended December 31, 2025 for the procurement of pork products from Zhaozhao Fresh by the Group, after taking into account the CAGR of 28.5% recorded over the same period;
- ii. the potential growth in the number of our stores, taking into account the relatively stable pace of store expansion for the three financial years ended December 31, 2025, which is expected to continue in the three years following [REDACTED];
- iii. the potential growth in product sales of our stores, supported by the strong growth of certain high-growth SKUs of pork products for the three financial years ended December 31, 2025 and the Group’s continued efforts to promote existing high-growth SKUs and develop new high-potential SKUs after [REDACTED]; and
- iv. other factors including but not limited to the expected market price of the pork products and its future fluctuations, taking into account the costs and expenses relating to raw materials, labor and market trends.

Listing Rules implications

In respect of the transactions under the Pork Products Procurement Framework Agreement, as the highest applicable percentage ratio for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the non-exempt continuing connected transactions set out above are expected to continue on a recurring and continuing basis, the Directors consider that compliance with the above announcement and independent shareholders’ approval requirements will be impractical, will incur unnecessary administrative costs for us, and will be unduly burdensome to the Group. Accordingly, the Group has applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirement in respect of the Franchise Framework Agreement, the announcement and independent shareholders’ approval requirements in respect of Chilled and Prepared Products Procurement Framework Agreement, the Pork Products Procurement Framework Agreement and the transactions contemplated thereunder.

CONFIRMATION FROM OUR DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (ii) the annual caps for those transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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CONFIRMATION BY THE JOINT SPONSORS

Based on the review of the documentation and data provided by the Company, the obtaining of necessary representations and confirmations from the Company and the participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and (ii) the annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS’ INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;
- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap; and
- When considering any renewal or revisions to the agreements after [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders’ general meetings (as the case may be). If the independent Directors’ or independent Shareholders’ approvals cannot be obtained, we will not continue the transactions under the framework agreements to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.