A. OVERVIEW

Prior to the Listing, the Group has entered into certain transactions with parties who will, upon the Listing, become connected persons of the Company. Details of the continuing connected transactions of the Company following the Listing are set out below.

B. FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Annona, a wholly-owned subsidiary of Japfa, has been sub-leasing, and will continue to sub-lease, office premises in Singapore to the Company. Pursuant to a sub-lease agreement entered into between the Company and Annona dated [●] 2022, Annona has agreed to cost-share office premises in Singapore based on the proportion of usage. The sub-lease agreement was entered into in the ordinary and usual course of business, on normal commercial terms and at a rent based on market rates. The sub-lease agreement is for a term of one year from the Listing Date and thereafter will be automatically renewed for successive terms of one year subject to compliance with the relevant requirements of the Listing Rules, unless either party terminates such agreement by giving two months' written notice. It is expected that the maximum annual payments (including rental, maintenance and miscellaneous expense) payable by the Company to Annona will not exceed US$[100,000] for FY2022.

As Japfa is a 30%-controlled company (as defined in the Listing Rules) of the Controlling Shareholders, Japfa and Annona are connected persons of the Company by virtue of being associates of a substantial shareholder of the Company and the sub-lease agreement will, upon the Listing, constitute a continuing connected transaction of the Company.

As the sub-lease agreement is a short-term lease of 12 months or less, the rental payments under the sub-lease will be recorded as expenses over the term of the lease on the Company's profit or loss accounts. As the highest applicable percentage ratio in respect of the payments (including rental, maintenance and miscellaneous expenses) under the sub-lease agreement will, on an annual basis, be less than 0.1% and the sub-lease agreement is on normal commercial terms, upon the Listing, the sub-lease will, pursuant to Rule 14A.76(1)(a) of the Listing Rules, constitute de minimis continuing connected transactions exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

C. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions are made in the ordinary and usual course of business and on normal commercial terms which will be regarded as non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Technical Services Agreement

(a) Description of the Transaction

Annona Technical Services Pte. Ltd. ("**ATS**"), a wholly-owned subsidiary of Japfa, provides financial solutions (including assisting with certain technical aspects of the financial statements and upgrading the financial management tools to review the Group's business against key performance indicators), debt financing and debt risk solutions (including providing training to the Group's staff on financial, capital expenditure and budget planning, developing balanced capital structure and assisting with managing relationships with debt partners), legal solutions, human resource solutions, strategic solutions and digitalisation solutions on a cost-sharing basis (the "**Technical Services**") within the Japfa Group. The technical service fee is equal to the cost of providing the services plus 5% mark-up in compliance with OECD principles for the provision of services between related parties. Pursuant to an existing technical services agreement dated 1 April 2020, ATS has been providing, and will continue to provide the Technical Services, to the Group. This would allow the Group access to expertise without having to bear the full cost of hiring such experts.

Pursuant to an amended and restated technical services agreement entered into by the Company and ATS dated [●] 2022, ATS has agreed to provide the Technical Services to the Group on normal commercial terms and at an arm's length service fee equal to cost plus a 5% mark-up, subject to a yearly cap on the amount payable by the Group to ATS. Such agreement is for an initial term commencing on the Listing Date and expiring on 31 December 2024 and thereafter will be automatically renewed for successive terms of three years subject to compliance with the relevant requirements of the Listing Rules, unless either party issues a written notice of non-renewal or either party terminates such agreement by giving six months' written notice.

(b) Historical Transaction Amounts

The aggregate service fees by the Group to ATS for the provision of the Technical Services to the continuing operations of the Group in FY2019, FY2020, FY2021 and the six months ended 30 June 2022 were nil, approximately US$0.32 million, US$0.39 million and US$0.28 million, respectively.

(c) Caps on Future Transaction Amount

It is expected that the maximum annual service fees payable by the Group to ATS for the provision of the Technical Services for FY2022, FY2023 and FY2024 will not exceed US$[0.65] million, US$[0.75] million and US$[0.8] million, respectively.

These annual caps were determined by reference to (i) the historical transaction amounts; and (ii) the anticipated increase in estimated costs of providing the Technical Services to the Group for FY2022, FY2023 and FY2024, having taken into account (A) the expected additional costs of US$0.10 million, US$0.15 million and US$0.16 million for FY2022, FY2023 and FY2024, respectively, from the strategic solutions provider to assist in driving efficiencies across processing, sales and distribution and branding and a digitalisation solutions provider for the delivery and process of data and technology capabilities to create sustainable competitive advantage through digitisation; (B) the expected increase in demand by the Group for the Technical Services due to the increase in the number of the Group's farms from eight in mid-2021 to twelve by the end of 2023 with the acquisition of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10) in June 2021 which are expected to reach the full milking capacity by March 2023 (50,000 tons/year each) and two new dairy farms in Shandong, i.e. Pure Source Farm 3 (Farm 11) and Pure Source Farm 4 (Farm 12) which will commence development in 2022 and are expected to commence commercial production in 2023 and reach the full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year), respectively, the proposed development of two new dairy farms in Inner Mongolia from 2023 to 2025 pursuant to a framework agreement which was entered into in May 2022 with a third-party downstream milk producer and the local government in Inner Mongolia and the corresponding expansion in the Group's operations; and (C) the expected additional costs from business travel (which were negligible during 2020) resuming in 2022 following the relaxation of COVID-19 related travel restrictions. For details of our expansion plans, See *"Business – Raw Milk Business"* and *"Future Plans and Use of Proceeds"*.

(d) Listing Rules Implications

As Japfa is a 30%-controlled company (as defined in the Listing Rules) of the Controlling Shareholders, Japfa and ATS are connected persons of the Company by virtue of being associates of a substantial shareholder of the Company and the services agreement will, upon the Listing, constitute a continuing connected transaction of the Company.

As the highest applicable percentage ratio in respect of each of the caps will, on an annual basis, be more than 0.1% but less than 5% and the transactions are on normal commercial terms, such transactions will, upon the Listing, be subject to announcement, reporting and annual review requirements, but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Supply Agreement

(a) Description of the Transaction

Annona, a wholly-owned subsidiary of Japfa, has been supplying, and will continue to supply, feed (such as alfalfa, hay and oats) and other agricultural commodities, premixes and vitamins (the "**Goods**") to the Group. Annona is a global trader which enjoys concessionary tax rates under the Global Trader Programme which is administered by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore.

Pursuant to a supply agreement entered into between the Company and Annona dated [●] 2022, Annona has agreed to supply the Goods on normal commercial terms and on CIF (cost, insurance, freight) at the prevailing market price of similar Goods, subject to an overall trading margin which is capped at 5% of Annona's earnings before interest and tax for each financial year. There is no obligation on the Company to purchase or Annona to supply any Goods. In the event the Company decides to purchase Goods from Annona and Annona agrees to supply such Goods, the Company will issue a purchase order setting out the type, quantity and purchase price of the Goods purchased. The supply agreement is for a term commencing from the Listing Date and expiring on 31 December 2024 and thereafter will be automatically renewed for successive terms of three years subject to compliance with the relevant requirements of the Listing Rules, unless either party terminates such agreement by giving one month's written notice.

(b) Historical Transaction Amounts

The aggregate purchase amounts paid to Annona for the supply of the Goods to the continuing operations of the Group for FY2019, FY2020, FY2021 and the six months ended 30 June 2022 were approximately US$15.0 million, US$18.4 million, US$19.8 million and US$11.9 million, respectively.

(c) Caps on Future Transaction Amounts

It is expected that the maximum annual purchase amounts payable by the Group to Annona for the supply of the Goods for FY2022, FY2023 and FY2024 will not exceed US$[32] million, US$[39] million and US$[42] million, respectively.

These annual caps were determined by reference to (i) the historical and prevailing market price for the Goods as well as the potential fluctuations in the market price for the Goods, having taken into account in particular the significant increase in feed cost of approximately 18% during the Track Record Period; (ii) the historical transaction quantity of different types of Goods purchased during the Track Record Period; (iii) the anticipated significant growth in the production of raw milk of the Group from FY2022 to FY2024 and the consequent anticipated demand for the Goods, having taken into account (A) the increase in the Group's revenue from the business segment of raw milk from US$315.6 million for FY2019 to US$438.0 million for FY2021, representing an increase of approximately 38.8%; (B) the increase in dairy herd size (from continuing operations) by 29.5% during the Track Record Period; (C) the expected increase in utilisation of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10), which were acquired from Pure Source Dairy in June 2021 and are still at the ramp up stage and which are expected to reach the full milking capacity by March 2023 and each produce raw milk of 50,000 tons/year at that time; (D) the expected increase in utilisation of Farm 8 which was at the ramp up stage in 2020 and is expected to reach the full milking capacity by December 2022 and produce raw milk of 70,000 tons/year at that time; (E) the expected increase in the production of raw milk resulting from the two new dairy farms in Shandong to be developed on vacant land acquired from Pure Source Dairy in 2021 i.e. Pure Source Farm 3 (Farm 11), which commenced development in 2022, and Pure Source Farm 4 (Farm 12), which is expected to commence development in 2023, which are expected to commence commercial production in 2023 and reach the full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year), respectively, and the proposed development of two new dairy farms in Inner Mongolia from 2023 to 2025; (iv) the anticipated increase in demand for the Goods for the Group's beef cattle business (which did not procure the Goods in FY2020 and FY2021), having taken into account the (a) increase in beef cattle herd size by 64.8% during the Track Record Period; (b) the expected increase in utilisation of the Group's beef cattle feedlot in Inner Mongolia which commenced operation in early 2021 and is expected to reach utilisation rate of up to 75% by the end of 2022; and (c) our plan to further increase the beef cattle population of our existing beef cattle feedlots to full capacity and construct new beef cattle feedlots in Shandong when opportunities arise; and (v) expected inflation pressure from 2022 to 2024 in view of rapid increases in commodities and energy prices in recent months, geopolitical conflicts and continued COVID-19 prevention policies in China. For details of our expansion plans, see *"Business – Raw Milk Business"*, *"Business – Beef Cattle Business"* and *"Future Plans and Use of Proceeds"*.

(d) Listing Rules Implications

As Japfa is a 30%-controlled company (as defined in the Listing Rules) of the Controlling Shareholders, Japfa and Annona are connected persons of the Company by virtue of being associates of a substantial shareholder of the Company and the supply agreement will, upon the Listing, constitute a continuing connected transaction of the Company.

As the highest applicable percentage ratio in respect of each of the caps will, on an annual basis, be more than 5% and the transactions are on normal commercial terms, such transactions will, upon the Listing, be subject to announcement, reporting, annual review, circular and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

3. Raw Milk Purchase and Sale Agreement

(a) Description of the Transaction

Meiji Co., Ltd. ("**Meiji Co.**") is a major dairy industry company established in 1917 in Japan with global operations. Meiji (China) Investment Company ("**Meiji China**") is a wholly-owned subsidiary of Meiji Co., which is engaged in the businesses of milk and yogurt, ice cream and confectionery in the PRC. In order to secure a stable and high quality raw milk supply, on 15 April 2020, Meiji Co. and Japfa entered into a sale and purchase agreement pursuant to which Meiji Co. acquired a 25% shareholding interest in the Company. For details of the acquisition, see *"History and Corporate Structure – Pre-IPO Investment"*. At the time of such acquisition, Meiji Dairy (Suzhou) Co., Ltd. ("**Meiji Suzhou**"), a wholly-owned subsidiary of Meiji China, and the Group's subsidiaries, namely Tai'an AustAsia, Dongying Xianhe AustAsia as well as Dongying Shenzhou AustAsia and its Xinhu branch company (the "**Supply Subsidiaries**"), had entered into a raw milk purchase and sale agreement on 30 December 2019 for the long-term supply of raw milk, which was last amended in January 2021 and supplemented in December 2021 (the "**Raw Milk Agreement**"). The Raw Milk Agreement (as amended in January 2021) was for a term of five years from January 2021.

Under the terms of the Raw Milk Agreement, the unit purchase price of the raw milk will be determined on arms length basis based on prevailing farmgate price (i.e. the price of the product available at the farm, excluding any separately billed transport or delivery charge, which is the result of negotiation between the Group and its downstream customers, taking into account of, among others, the prevailing market price) at the time of negotiations, which shall not be lower than the price offered to, and comparable to the terms of raw milk supplied to, other customers of the Group with comparable purchase requirements. The unit purchase price for the year is generally agreed between the parties prior to or at the beginning of the year. The monthly milk supply quantity for each year after 2021 will be set out in a supply contract to be agreed by the parties prior to 1 December of the previous year.

On [●] 2022, the parties entered into an amended and restated Raw Milk Agreement which amended the term of the Raw Milk Agreement to a term commencing from the Listing Date and expiring on 31 December 2027 (the "**Term**"), subject to the annual caps as set out below. As confirmed by Frost & Sullivan, the terms of the Raw Milk Agreement are in line with industry practice.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for continuing connected transactions must not exceed three years, except in special circumstances where the nature of the transaction requires a longer period. The nature of the Raw Milk Agreement requires a term longer than three years for the following reasons:

(i) the Term for the Raw Milk Agreement reflects the long-term commercial and strategic cooperation and relationship between the Company and Meiji Suzhou to ensure a stable and high quality raw milk supply arrangement between the parties and also represents the endorsement by Meiji Suzhou (which is a premium downstream player in the China dairy market) of the high quality of the Group's raw milk;

(ii) the Term for the Raw Milk Agreement would allow both the Company and Meiji Suzhou to plan their respective growth with an assurance of continued raw milk demand for the Group and continued raw milk supply for Meiji Suzhou, and thereby avoid any unnecessary business interruption for either party;

(iii) taking into consideration the length of the terms of the Group's raw milk supply agreements with other customers and similar milk supply agreements entered into by certain peer companies with their downstream customers, and as confirmed by Frost & Sullivan, it is normal business practice for raw milk supply agreements to be for a duration of longer than three years. As stated in *"Business – Our Customers"*, the Group's typical raw milk sale contracts have a term of five years and the Group has entered into such contracts with customers who are not connected persons of the Company. Any deviation from such long-term arrangements would be contrary to the business intentions of the Company and Meiji Suzhou; and

(iv) the Supply Subsidiaries can terminate the Raw Milk Agreement if Meiji Suzhou is in breach of the terms of such agreement and fails to cure such breach within a prescribed period of time.

The Joint Sponsors are of the view that, based on the due diligence they have conducted and taking into consideration (i) the reasons for entering into the Raw Milk Agreement, which was to establish a long-term commercial and strategic cooperation with Meiji Suzhou and to further expand the business operations of the Group, (ii) the nature of the long-term commercial and strategic cooperation between the parties, (iii) taking into consideration the length of the terms of the Group's raw milk supply agreements with other customers and similar milk supply agreements entered into by certain peer companies with their downstream customers, and as confirmed by Frost & Sullivan, it is normal business practice for raw milk supply agreements to be for a duration of longer than three years and the Group has entered into raw milk sale contracts with a term of five years with customers who are not connected persons of the Company, and (iv) the termination rights under the Raw Milk Agreement, the nature of Raw Milk Agreement requires a longer period and it is reasonable for the Raw Milk Agreement to be for a duration of more than three years.

(b) Historical Transaction Amounts

In FY2019, FY2020, FY2021 and the six months ended 30 June 2022, the aggregate purchase price paid by Meiji Suzhou for raw milk purchased from the Group were approximately US$7.2 million, US$12.0 million, US$18.6 million and US$10.3 million, respectively for the continuing operations.

(c) Caps on Future Transaction Amounts

It is expected that the maximum purchase amounts payable by Meiji Suzhou (and other subsidiaries of Meiji Co.) for raw milk to be supplied by the Group to Meiji Suzhou (and other subsidiaries of Meiji Co.) for FY2023, FY2024, FY2025, FY2026 and FY2027 will not exceed US$[41] million, US$[47] million, US$[56] million, US$[68] million and US$[77] million, respectively.

These annual caps were determined by reference to:

(i) the historical transaction amounts;

(ii) the estimated demand by Meiji Suzhou (and other subsidiaries of Meiji Co.) for raw milk from FY2023 to FY2027 and having taken into account the anticipated growth in such demand resulting from the strategic business and production expansion plans in China which Meiji Co. has announced publicly and as estimated by Meiji Co.;

(iii) the Group's raw milk average selling price over the Track Record Period (as further described in *"Business – Raw Milk Business – Our Raw Milk"*), the upward momentum of raw milk price in China (as further described in *"Industry Overview – The Raw Milk Supply Industry in China – Raw Milk Price"*) and the estimated trends in average selling price of raw milk for FY2023 to FY2027;

(iv) the anticipated significant growth in the production of raw milk of the Group from FY2023 to FY2027 to meet the anticipated growth in demand of Meiji Suzhou and other customers, having taken into account (A) the increase in the Group's revenue from the business segment of raw milk from US$315.6 million for FY2019 to US$438.0 million for FY2021, representing an increase of approximately 38.8%; (B) the acquisition of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10) in Shandong from Pure Source Dairy in June 2021 which are still at the ramp up stage and are expected to reach full milking capacity of 50,000 tons/year by March 2023; (C) the expected increase in utilisation of Farm 8 which was at the ramp up stage in 2020 and is expected to reach full milking capacity of 70,000 tons/year by December 2022; (D) two new dairy farms in Shandong, i.e. Pure Source Farm 3 (Farm 11), which commenced development in 2022, and Pure Source Farm 4 (Farm 12), which is expected to commence development in 2023, which are expected to commence commercial production in 2023 and reach full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year), respectively; and (E) the proposed development of two new dairy farms in Inner Mongolia from 2023 to 2025. For details of our expansion plans, see *"Business – Raw Milk Business"* and *"Future Plans and Use of Proceeds"*; and

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

(d) Listing Rules Implications

As Meiji China is a substantial shareholder of the Company, Meiji China and its associates (including Meiji Suzhou) are connected persons of the Company and the Raw Milk Agreement will, upon the Listing, constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of each of the caps will, on an annual basis, be more than 5% and the transactions are on normal commercial terms, such transactions will, upon the Listing, be subject to announcement, reporting, annual review, circular and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

D. WAIVER APPLICATIONS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the non-exempt continuing connected transactions described in this section will be carried out on a continuing basis and will extend over a period of time, the Directors consider that strict compliance with the announcement and/or circular and independent shareholders' approval requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon the Company. Accordingly, the Company has applied for, and the Stock Exchange [has granted], waivers from strict compliance with the announcement and/or circular and independent shareholders' approval requirements in respect of such non-exempt continuing connected transactions described in this section. The Company will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of these non-exempt continuing connected transactions.

E. CONFIRMATION FROM THE DIRECTORS AND THE JOINT SPONSORS

The Directors (including the independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, that are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions described in this section are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by the Company relating to the non-exempt continuing connected transactions described in this section, and have obtained confirmations from the Company. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions described in this section are fair and reasonable and in the interests of the Company and the Shareholders as a whole.