

## CONNECTED TRANSACTIONS

### OVERVIEW

Upon [REDACTED], certain transactions between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

### OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon [REDACTED]:

<u>Name of our connected persons</u>	<u>Connected relationship</u>
Yunshengchu Commercial Management (Shanghai) Co., Ltd. (雲生處商業管理(上海)有限公司) (“Yunshengchu”)	Yunshengchu is wholly owned by Ms. Wang Fangfang (王方方), the spouse of Mr. An Haolei (our Director), and therefore a connected person of our Company.
Shanghai Shengxian Food Co., Ltd. (上海盛鮮食品有限公司) (“Shanghai Shengxian”)	Shanghai Shengxian is held as to (i) 38.50% by Mr. Yang Ran (楊冉), a supervisor and the substantial shareholder of Luyi Heyi, and (ii) 30.00% by Mr. Liu Yawei (劉亞威), the general manager of Luyi Heyi, and therefore a connected person of our Company at the subsidiary level.

### OUR CONNECTED TRANSACTIONS

<u>Nature of transaction</u>	<u>Counterparty</u>	<u>Applicable Listing Rules</u>	<u>Waiver sought</u>
<b>Fully exempt continuing connected transaction</b>			
Procurement of consumer goods	Yunshengchu	14A.76	N/A
<b>Non-exempt continuing connected transaction</b>			
Procurement of beef and lamb products	Shanghai Shengxian	14A.35, 14A.101	Announcement

#### (A) Fully Exempt Continuing Connected Transaction

##### 1. Procurement of consumer goods

We procure certain consumer goods, such as tea, from Yunshengchu from time to time for our daily consumption. Such transaction is made in the ordinary and usual course of business and on normal commercial terms where, as our Directors currently expect, the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, such transaction will constitute a de minimis continuing connected transaction of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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### (B) Non-Exempt Continuing Connected Transaction (Subject to Reporting, Annual Review and Announcement Requirements)

We have entered into the following transaction which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 1% but less than 5% on an annual basis. As (i) Shanghai Shengxian is a connected person of our Company at the subsidiary level; (ii) our Board (including all independent non-executive Directors) [has approved] the procurement agreement with Shanghai Shengxian and the transactions contemplated thereunder; and (iii) all independent non-executive Directors [have confirmed] that the terms of the procurement agreement with Shanghai Shengxian are fair and reasonable, on normal commercial terms or better and in the interests of our Company and our Shareholders as a whole, the transactions under the procurement agreement with Shanghai Shengxian will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent Shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

#### 2. *Procurement of beef and lamb products*

**Parties:** Shanghai Shengxian and our Company

##### *Principal terms*

On [●], we have entered into a procurement framework agreement with Shanghai Shengxian (the “**Procurement Framework Agreement**”), pursuant to which our Group agreed to procure beef and lamb products, such as whole sirloin steak, thinly sliced snowflake beef and thick sliced marbled beef, from Shanghai Shengxian for a term commencing on the [REDACTED] and ending on [December 31, 2025], subject to renewal by mutual consent.

Subject to the terms of the Procurement Framework Agreement, the Group will enter into specific agreements or place purchase orders with Shanghai Shengxian to set out specific terms and conditions. The consideration payable by the Group under the 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*

Shanghai Shengxian is a stable and reliable supplier of our Group. We established business relationship with Shanghai Shengxian since November 2020. In addition, our Directors consider that the quality and quantity of beef and lamb products offered by Shanghai Shengxian can satisfy our commercial needs, especially the quality standards and the research and development of new products such as thick sliced marbled beef, a new taste product that we collaboratively developed during the Track Record Period.

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### *Pricing basis*

The prices of transactions contemplated under the 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.

The Directors consider that the above procedures can ensure that the transactions under the 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*

Shanghai Shengxian became our connected person after our acquisition of Luyi Heyi in August 2021. The historical connected transaction amounts contemplated under the Procurement Framework Agreement were RMB64.5 million, RMB113.6 million and RMB31.9 million for the years ended December 31, 2021, 2022 and the four months ended April 30, 2023, accounting for approximately 1.75%, 1.79% and 2.40%, respectively, of our Group's total purchase over the same periods.

Our proposed annual caps of the transactions contemplated under the Procurement Framework Agreement for the years ended December 31, 2023, 2024 and 2025 are RMB110 million, RMB110 million and RMB110 million, respectively.

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

- i. Historical transaction amounts during the Track Record Period for the procurement of beef and lamb products from Shanghai Shengxian by the Group;
- ii. The expected decrease of purchase on certain beef products as the Company may produce by itself; and
- iii. The expected increase in our demand due to the potential growth of sales of our stores as well as our business expansion plan

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### WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transaction under the subsection headed "(B) Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the [REDACTED].

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that the announcement requirements thereof immediately after the [REDACTED] would be impractical and unduly burdensome, and would lead to unnecessary administrative costs to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for[, and the Hong Kong Stock Exchange has granted,] waivers exempting us from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "(B) Non-exempt Continuing Connected Transactions (subject to reporting, annual review and announcement requirements)" 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 annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above are in our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

### CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transactions as set out above are in the ordinary and usual course of business of our Company and on normal commercial terms, and are fair and reasonable in the interests of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

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### 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; and
- 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.
- 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.