

10 April 2026

*To the Independent Board Committee
and the Independent Shareholders of
Xinjiang Tianye Water Saving Irrigation System Company Limited*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
(1) 2026–2028 PROJECT CONSTRUCTION SERVICES
FRAMEWORK AGREEMENT
(2) 2026–2028 PURCHASE FRAMEWORK AGREEMENT
(3) 2026–2028 SALES FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps) (the “**Proposed Continuing Connected Transactions**”). Details of the which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 10 April 2026 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 16 February 2026. As the 2023–2025 Project Construction Services Framework Agreement, the 2023–2025 Purchase Framework Agreement and the 2023–2025 Sales Framework Agreement expired on 31 December 2025, the Company entered into the Continuing Connected Transaction Agreements with Tianye Group on 16 February 2026.

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From the commencement date of the term of the Continuing Connected Transaction Agreements (i.e., 1 January 2026) up to the Latest Practicable Date, no transaction has been conducted by the Group pursuant to the Continuing Connected Transaction Agreements. Furthermore, the Group will not commence any transaction pursuant to the Continuing Connected Transaction Agreements prior to obtaining Independent Shareholders' approval in respect thereof.

As at the Latest Practicable Date, Tianze Water Investment is a controlling shareholder of the Company holding approximately 60.42% of the issued share capital of the Company in total. Tianye Group is entitled to exercise an aggregate of 51.00% of the voting rights in Tianze Water Investment, which is a subsidiary of Tianye Group, and its financial statements will be consolidated into the consolidated financial statements of Tianye Group. Under such circumstances, Tianye Group is a connected person of the Company and the transactions contemplated under the Continuing Connected Transaction Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each proposed annual cap of the Continuing Connected Transaction Agreements are more than 5%, the transactions contemplated under the Continuing Connected Transaction Agreements, together with the proposed annual caps thereunder, are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, information, and belief of the Directors, as at the Latest Practicable Date, apart from Tianze Water Investment (as stated in Appendix I of the Circular, as at the Latest Practicable Date, holding 313,886,921 Domestic Shares, representing approximately 60.42% of the total issued share capital of the Company), no other Shareholders will be required to abstain from voting at the EGM and the vote to be taken at the EGM in respect of the Continuing Connected Transaction Agreements shall be conducted by poll.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all independent non-executive Directors, namely Ms. Gu Li, Mr. Hung Ee Tek and Mr. He Xinlin, has been established to advise and provide recommendation to the Independent Shareholders in relation to fairness and reasonableness of the Proposed Continuing Connected Transactions.

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole.

We have not acted as financial adviser and have not provided any other services to the Company during the past two years except for acting as the independent financial adviser for the major and connected transaction of the Company in relation to the formation of joint venture and disposal of target equity through contribution in kind, which was announced and terminated on 6 August 2024 and 13 March 2025 respectively. As at the Latest Practicable Date, we are not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Continuing Connected Transactions. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Proposed Continuing Connected Transactions, and accordingly, are eligible to give independent advice and recommendations on the terms of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps). Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps).

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group nor have we considered the taxation implication on the Group or the Shareholders as a result of the continuing connected transactions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Proposed Continuing Connected Transactions, and in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background of and reasons for the Proposed Continuing Connected Transactions

(a) Information of the Group

The Company and its subsidiaries are principally engaged in the design, manufacturing and sale of drip tapes, PVC/PE pipelines and drip assemblies used in water saving irrigation system, and is also engaged in the provision of installation services of water saving irrigation system for its customers as well as engaged in land circulation and engineering business, and strategic developing digital agriculture and agriculture service business. As at the Latest Practicable Date, Tianze Water Investment is a controlling Shareholder of the Company, holding approximately 60.42% of the issued share capital of the Company in total, whereas Tianze Water Investment is directly owned as to 49% and 51% by the Eighth Division SASAC and Tianye Group, respectively. The Eighth Division SASAC is a PRC governmental body under the Xinjiang Production and Construction Corps.

(b) Information of Tianye Group

Tianye Group is mainly engaged in the manufacturing and sales of chlorine and alkali; production and sales of sulfuric acid, hydrochloric acid, sodium hydroxide (protopine, alkali, solid caustic soda, caustic soda), calcium hypochlorite, sodium hypochlorite, lime, high boiling materials (dichloroethane). Other business operations include general road freight transportation. Tianye Group also engaged in the manufacturing and sales of 1,4-butanediol, glycol, chemicals, solid mercury catalysts, cement and cement products, plastic products, calcium carbonate and sodium carbonate; sales of steel, building materials, livestock products, machinery and equipment and chemical products; promotion of farming, aquaculture, water-saving agriculture technologies, research of water-saving agriculture technologies, import and export, international freight forwarding, property management, rail transportation through self-built railways; loading and unloading and handling, testing equipment technology consulting and services, machinery and equipment leasing services, processing and manufacturing of moulds and spare parts; advertisement design, production, publishing and agency; warehousing services (other than for hazardous chemicals), domestic freight forwarding agency services, customs clearance and inspection services, development and sales of computer software, information technology services and consultation, information system integration engineering, network cabling engineering, automation control system, sales, installation and maintenance of industrial monitoring equipment, design, production and maintenance of websites; agricultural planning and design, agricultural technology research and

promotion, plantation and sales of crops, agricultural product processing and sales; engineering design, construction, contracting, and technology transfer; thermal power generation; heat supply; sales of electricity and steam; electrical testing; vehicle leasing; catering services; sales of calcium carbide, coal and coal products; and sales of mineral products and metal materials. As at the Latest Practicable Date, Tianye Group is directly owned as to 90% and 10% by the Eighth Division SASAC and Corps SASAC, respectively. The Eighth Division SASAC and Corps SASAC are PRC governmental bodies under the Xinjiang Production and Construction Corps.

(c) Reasons for and benefits of the Continuing Connected Transaction Agreements

2026–2028 Project Construction Services Framework Agreement

As stated in the Letter from the Board, (i) according to the Group's development strategy, the construction project segment is a main development direction. Three subsidiaries of the Group that are in possession of the second-grade qualifications for building construction, water conservancy and hydropower construction, and municipal construction have the capabilities to engage in infrastructure construction for workshops, houses and water conservancy facilities, demonstrating their advantages and qualifications in project construction experiences, technologies, market position, personnel, and other areas; (ii) based on the excellent track record of the Company and its subsidiaries in providing engineering and construction services, as well as the reliable quality of engineering and construction services, the project construction quality can be guaranteed to be higher than the average level of third party units if the infrastructure construction projects of Tianye Group were undertaken by the Company and its subsidiaries; (iii) the project construction and installation services of Tianye Group undertaken by the Company and its subsidiaries are normal business transactions, which are in line with the actual operation and development needs of the Company, and simultaneously follows the market pricing principle, with fair and reasonable transaction prices, which is conducive to the efficient and orderly development of projects undertaken by the Company, improving the efficiency of capital operation, and reducing operating costs; (iv) the Company and its subsidiaries possess relevant qualifications for project construction, a good technical management team for construction, excellent performance experience and convenient service conditions, and have strong performance capabilities, which are conducive to promoting the progress of Tianye Group's construction projects and improving the Company's efficiency; (v) the Company expects to participate in the construction and maintenance plans of 31 projects under Tianye Group and/or its subsidiaries and/or its associates over the next three years, including projects to be carried out pursuant to its strategic cooperation intentions reached with various levels of government and the service needs anticipated by Tianye Group; and (vi) the Company and its subsidiaries are committed to the vertically integrated expansion methods

such as construction, operation and services, striving to establish a unique market position in the engineering and construction business sector in which the Company engages, therefore creating a competitive advantage in the Xinjiang region and across the country that is difficult to be imitated by competitors.

2026–2028 Purchase Framework Agreement

As disclosed in the Letter from the Board, given the fact that the factories of Tianye Group are located in adjacent areas, the Group can reduce transportation costs if it purchases PVC resins from Tianye Group. Furthermore, in the event of shortage of PVC resins in the market, Tianye Group has agreed to give priority to the Group to purchase the PVC resins from them at the market price. Under such circumstances, the Directors believe that the Group will maintain its competitiveness in the market with lower purchasing costs and stable supply of PVC resins. On the other hand, the Group shall not be obliged to purchase the PVC resins if the Group is provided with a more favourable price for PVC resins with similar quality by the independent third parties.

2026–2028 Sales Framework Agreement

As disclosed in the Letter from the Board, the Group supplies PVC pipe fittings, PE pipe fittings, drip tapes and drip assemblies, automation products, filters and water pumps, among others, to Tianye Group and its customers, which will increase the Group's source of revenue. The Directors consider that it is in the interest of the Group to enter into the 2026–2028 Sales Framework Agreement as sales to Tianye Group will increase the sales volume of the Group's products and the profit of the Group.

In assessing whether the entering into of the Continuing Connected Transaction Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, we have considered the following:

- (i) according to our research conducted on the public online search platform Tianyancha (天眼查), Tianye Group was founded in June 1996 and has over 29 years of operational history;
- (ii) the provision of infrastructure construction services and sales of the PVC pipe fittings, PE pipe fittings, drip tapes and drip assemblies, automation products, filters and water pumps to Tianye Group Companies will render stable revenue to the Group on normal commercial terms;

- (iii) Tianye Group Companies has been supplying PVC resins to the Group since 2006. The long-term business relationship with Tianye Group Companies demonstrate that it is able to provide reliable supply of PVC resins for the production of PVC pipelines of the Group;
- (iv) the Group will also benefit from a stable supply of PVC resins as raw materials to support its business production, as Tianye Group Companies offers priority to the Group on purchasing PVC resins;
- (v) the Group will benefit from time and cost advantages that its geographical location brings. Since both Tianye Group Companies and the Group are located in Xinjiang, the Group can have its supply with shorter delivery time and at a lower transportation cost; and
- (vi) the Group will have flexibility to purchase PVC resins from other independent suppliers and to sell the PVC pipe fittings, PE pipe fittings, drip tapes and drip assemblies, automation products, filters and water pumps to other independent purchasers, as it is not obliged to trade exclusively with Tianye Group Companies if better offers are available.

Having considered the above reasons, we concur with the Directors' views that the entering into of the 2026–2028 Project Construction Services Framework Agreement, the 2026–2028 Purchase Framework Agreement and the 2026–2028 Sales Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole.

2. 2026–2028 Project Construction Services Framework Agreement

2.1 Principal terms of the 2026–2028 Project Construction Services Framework Agreement

The principal terms of the 2026–2028 Project Construction Services Framework Agreement are summarized as follows:

- | | | |
|-------------------|---|---|
| Date of agreement | : | 16 February 2026 (after trading hours of the Stock Exchange) |
| Parties | : | (i) the Company (for itself and on behalf of its subsidiaries), as the supplier; and (ii) Tianye Group (for itself and on behalf of its subsidiaries), as the purchaser. |

Transaction : The Group will provide Tianye Group with various infrastructure construction services, including but not limited to project construction services related to construction, works, maintenance, and safety rectification.

Conditions precedent : The 2026–2028 Project Construction Services Framework Agreement will come into effect upon the following conditions being satisfied:

- (i) the 2026–2028 Project Construction Services Framework Agreement has been duly signed and stamped by both the Company and Tianye Group;
- (ii) the 2026–2028 Project Construction Services Framework Agreement and the transactions contemplated thereunder have been approved by the relevant regulatory authorities (if any); and
- (iii) the Company has complied with the relevant requirements under the Listing Rules in relation to the 2026–2028 Project Construction Services Framework Agreement and the transactions contemplated thereunder, including but not limited to submitting the circular in respect of the 2026–2028 Project Construction Services Framework Agreement to the Stock Exchange, publishing announcements, and obtaining the approval of Independent Shareholders.

None of the conditions precedent above are waivable.

As at the Latest Practicable Date, save for the conditions precedent set out in (i) and (ii) above, none of the conditions precedent of the 2026–2028 Project Construction Services Framework Agreement have been fulfilled.

Term : From 1 January 2026 to 31 December 2028.

Pricing policies : The following pricing principles shall apply to the pricing of services to be provided under the 2026–2028 Project Construction Services Framework Agreement in the following order:

- (i) Government-regulated and government-guided prices:

Where the government-regulated prices are applicable to products, technologies, or services of any specific type (at any time), supply/provision of such products, technologies, or services shall be based on the applicable government-regulated prices. Where government-guided pricing standards are available, the relevant prices shall refer to government-guided pricing agreements. In accordance with the requirements under the national standard GB/T50500–2024 “Code of Valuation with Bill of Quantities of Construction Works”* (《建設工程工程量清單計價標準》), construction projects that are legally required to undergo public tendering must adopt the tendering method based on the bill of quantities and prepare a tender control price limit; and

This type of pricing principle mainly applies to pre-construction engineering services, survey, design and technical services, engineering procurement and construction services, engineering project management services, and tender management services. Among which, the relevant government-regulated and government-guided prices for pre-construction engineering services, engineering procurement and construction services, and engineering project management services are currently based mainly on the Regulations on Construction Project Supervision and Associated Service Fees Management* (《建設工程監理與相關服務收費管理規定》) published by the Ministry of Housing and Urban-Rural Development of the PRC on its website. The relevant government-regulated and government-guided prices for survey, design and technical services currently mainly refer to the Project Survey and Design Fee Management Regulations* (《工程勘察設計收費管理規定》) published by the State Development Planning Commission and the Ministry of Housing and Urban-Rural Development of the PRC on their websites. The relevant government-regulated and government-guided prices for tender management services currently mainly refer to the Provisional Measures on the Administration of Service Fees Charged for Tender Agency Services* (《招標代理服務收費管理暫行辦法》) published by the National Development and Reform Commission.

(ii) Market prices:

The prices quoted by independent third parties for identical or similar products or services on normal commercial terms in the ordinary course of business; and

This type of pricing principle mainly applies to pre-construction engineering services, survey, design and technical services, and engineering procurement and construction services. It mainly refers to the prices of equipment, materials and services related to engineering construction obtained in the market through public tendering, or independent third-party market prices, in accordance with the requirements of the Regulations on the Implementation of the Tender and Bidding Law of the PRC* (《中華人民共和國招標投標法實施條例》).

(iii) Agreed prices:

Price determined by reasonable costs plus specific reasonable profits.

This type of pricing principle is less frequently applied, with limited application in survey, design and technical services, as well as engineering project management services. The costs of these services mainly include (i) service costs related to purchase activities in the market or service costs as listed in the internal pricing standards of Tianye Group and the Group; and (ii) labour costs and travel expenses incurred by the Group in the management process of the relevant services (determined according to labour costs and travel standards of the Group). The profit for these services is mainly derived from the management fees charged to the aforesaid costs. The management fee rate (usually ranging from 8% to 15%) is mainly affected by (i) the market share of similar services (The higher the Company's market share in similar services — typically indicating fewer competitors — the higher the management fee rate usually becomes); and (ii) the impact of inflation and changes in costs, ultimately determined through negotiations between the transacting parties on general commercial terms.

The final price shall be determined after arm's length negotiations on normal commercial terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, to the best knowledge of the Directors, there are no governmental pricing policies applicable to the 2026–2028 Project Construction Services Framework Agreement. If any governmental pricing or guided pricing becomes applicable to the relevant transactions in the future, the parties to the 2026–2028 Project Construction Services Framework Agreement shall first implement such governmental pricing or guided pricing. With respect to market pricing, the Company mainly considered the fair prices quoted by third parties for identical or similar project construction services in, or in areas in proximity to, Shihezi City.

Payment terms : The Group and Tianye Group will enter into separate contracts in accordance with the terms and conditions mutually agreed upon between the parties pursuant to the terms and conditions of the 2026–2028 Project Construction Services Framework Agreement. The consideration for the services may be settled in a lump sum or by installments, with detailed payment terms to be defined therein.

As confirmed by the management of the Company, the price and terms of the tenders submitted by the Group to Tianye Group regarding Tianye Group's construction works in the PRC are subject to the standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties. The Group prepares and generates the tender documents and construction bill of quantities* (工程量清單) through the construction cost management software named "New Point costing list Xinjiang version*" (新點清單造價新疆版) and "Glodon Construction Engineering Pricing Software (Xinjiang Special Edition)*" (廣聯達建設工程計價軟體(新疆專版)) with complete and latest national construction fixed-rate database and the local government pricing standard in Xinjiang.

We have reviewed and compared the terms of the 2026–2028 Project Construction Services Framework Agreement and the 2023–2025 Project Construction Services Framework Agreement and note that, other than the proposed annual caps for the year ending 31 December 2026, 31 December 2027 and 31 December 2028, there has been no material change between the terms of the two aforesaid agreements.

We have reviewed samples of construction service contracts entered into between the Group and other independent third parties for each of the two years ended 31 December 2024 and for the nine months ended 30 September 2025 (the “**Independent Construction Services Contracts**”) and also samples of construction service contracts entered into between the Group and Tianye Group for each of the two years ended 31 December 2024 and for the nine months ended 30 September 2025 (the “**Historical Construction Services Contracts**”). Samples of the Independent Construction Services Contracts and Historical Construction Services Contracts have been selected based on the materiality, which represent the top 3 projects of each category in respect of the contract sum for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025. We are of the view that the selection basis and sample copies reviewed are fair and representative in view of materiality. We observed that the major terms of the Independent Construction Services Contracts, including service standards and acceptance requirements, settlement and payment arrangements, liabilities for breach and exemptions, as well as ancillary terms on on-site management, construction safety, and after-sales services, are substantially the same as those set out in the 2026–2028 Project Construction Services Framework Agreement. As (i) the tender submission with both connected persons and independent third parties followed the same procedure; and (ii) the major terms of the Independent Construction Services Contracts are substantially the same as those set out in the 2026–2028 Project Construction Services Framework Agreement, we are of the view that the terms of the 2026–2028 Project Construction Services Framework Agreement are on normal commercial terms, in the ordinary and usual courses of business of the Company and in accordance with the pricing policy of the Group, are in the interests of the Company and its Independent Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

2.2 Our assessment on the proposed annual caps of 2026–2028 Project Construction Services Framework Agreement

The following table shows the proposed annual caps of 2026–2028 Project Construction Services Framework Agreement for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028:

| | For the year ending 31 December 2026 (RMB) | For the year ending 31 December 2027 (RMB) | For the year ending 31 December 2028 (RMB) |
|----------------------|---|---|---|
| Proposed annual caps | 610,000,000 | 610,000,000 | 610,000,000 |

As disclosed in the Letter from the Board, the annual caps were determined after an arm's length negotiation between the Company and Tianye Group with reference to, among other things, the following:

- (i) the number of tenders won by the Company from Tianye Group (for the two years ended 31 December 2024 and the nine months ended 30 September 2025, the Company has won the tenders for 60 projects of Tianye Group), with a total contract value of approximately RMB999,628,171.40, as well as the future transaction plans;
- (ii) the Company's expected participation in the construction and maintenance plans for 31 projects of Tianye Group in the next three years, including projects as contemplated under the letter of intent for strategic cooperation with governments at all levels, as well as the expected service demands of Tianye Group. The potential total contract value of which is expected to exceed RMB1.8 billion;
- (iii) the impact of the timing of contract signing time and performance progress on the revenue recognition, as such construction works in general will take around one year to three years to complete;
- (iv) reservation of a buffer amount (being approximately 5%) to cope with potential increase in the relevant service demands of Tianye Group, as well as estimated increase in average market prices for similar services due to inflation and expected increase in costs; and
- (v) based on the Group's future overall operation planning and potential business demand in the field of project construction services, to ensure the continuity and flexibility of subsequent project undertaking and implementation arrangements, and provide a reasonable headroom to address uncertainties such as fluctuations in construction cycles and potential disruptions in the construction supply chain, thereby mitigating the risk of delays in construction progress.

The following table shows the annual caps under the 2023–2025 Project Construction Services Framework Agreement and the actual transaction amounts incurred for the years ended 31 December 2023, 31 December 2024 and for the nine months ended 30 September 2025 as stated in the Letter from the Board:

| | For the year ended 31 December 2023 (audited) (RMB) | For the year ended 31 December 2024 (audited) (RMB) | For the nine months ended 30 September 2025 (unaudited) (RMB) |
|--|--|--|--|
| Annual caps | 510,000,000 | 510,000,000 | 510,000,000 |
| Actual transaction amounts incurred | 243,068,000 | 175,385,900 | 60,301,700 |

We have discussed with the management of the Company in respect of the actual transaction amounts as shown in the above table and the Company informed that the actual transaction amounts under the 2023–2025 Project Construction Services Framework Agreement were adversely affected by the prolonged internal approval of the government bodies for certain large-scale construction projects, which postponed the tendering process of the construction projects. The Company confirmed that the above were isolated events and the relevant impacts only involved historical construction projects and would not have any material adverse effect on the Group’s subsequent construction projects and their tendering process.

Based on the project list regarding the proposed annual caps of the 2026–2028 Project Construction Services Framework Agreement as provided by the Company, as at the Latest Practicable Date, the Group has 14 ongoing construction projects and has won another 8 tenders, with a total contract backlog amount of approximately RMB442.60 million. In addition, the Group plans to participate in the tenders of 9 construction projects from Tianye Group in the coming years with a total potential contract sum of approximately RMB1,404.63 million, of which the tendering process of a sizeable construction project, namely the First Phase of the Intelligent Ecological Photovoltaic Coupling Green Specialty Resin Low-Carbon Transformation and Upgrade Demonstration Project by Xinjiang Tianhe Energy & Chemical New Materials Co., Ltd.* (新疆天合能化新材料有限公司智慧生態光伏耦合綠色特種樹脂低碳轉型升級示範工程(第一期)項目) (the “**Sizeable Potential Project**”), has commenced in February 2026. As stated in the tender notice of the Sizeable Potential Project, the Sizeable Potential Project involves the construction of coal storage and transportation, coal gasification unit, purification unit, H₂/CO separation unit, 600,000 tons/year ethanol unit, ethanol dehydration to ethylene unit, VCM monomer unit, 500,000 tons/year PVC production unit, 350,000 tons/year ion-exchange membrane caustic soda unit, and supporting utilities and auxiliary production facilities including raw material warehouses, finished product warehouses, storage tank

areas, circulating water station, sewage treatment station, refrigeration station, central laboratory building, control room, and electrical transformer station, along with their supporting public utilities and auxiliary production facilities. The Group estimates that the construction period of the Sizeable Potential Project would be over the years from 2026 to 2028 based on the scale of the construction in the tender notice. For our due diligence purpose, we have (i) reviewed the construction services contracts and the tender documents of all the ongoing construction projects and the awarded tenders; (ii) reviewed the tender notice of the Sizeable Potential Project; and (iii) cross-checked the information in the project list with the underlying documents. The monetary amount of the abovementioned reviewed documents represents approximately 81%, 81% and 60% of the proposed annual caps for the years ending 31 December 2026, 31 December 2027 and 31 December 2028 respectively.

After considering the contract backlog amount of the ongoing construction projects and the awarded tenders and the potential contract sum of the new tenders, in particular the Sizeable Potential Project as discussed above, we consider that the annual caps under the 2026–2028 Project Construction Services Framework Agreement are fair and reasonable.

3. 2026–2028 Purchase Framework Agreement

3.1 Principal terms of 2026–2028 Purchase Framework Agreement

The principal terms of the 2026–2028 Purchase Framework Agreement are summarized as follows:

| | | |
|----------------------|---|--|
| Date of agreement | : | 16 February 2026 (after trading hours of the Stock Exchange) |
| Parties | : | (i) the Company (for itself and on behalf of its subsidiaries), as the purchaser; and (ii) Tianye Group (for itself and on behalf of its subsidiaries), as the seller. |
| Purchased goods | : | Purchase of PVC resins, light calcium carbonate, other chemical products and agricultural products. |
| Conditions precedent | : | The 2026–2028 Purchase Framework Agreement will come into effect upon the following conditions being satisfied: (i) the 2026–2028 Purchase Framework Agreement has been duly signed and stamped by both the Company and Tianye Group; |

- (ii) the 2026–2028 Purchase Framework Agreement and the transactions contemplated thereunder have been approved by the relevant regulatory authorities (if any); and
- (iii) the Company has complied with the relevant requirements under the Listing Rules in relation to the 2026–2028 Purchase Framework Agreement and the transactions contemplated thereunder, including but not limited to submitting the circular in respect of the 2026–2028 Purchase Framework Agreement to the Stock Exchange, publishing announcements, and obtaining the approval of Independent Shareholders.

None of the conditions precedent above are waivable.

As at the Latest Practicable Date, save for the conditions precedent set out in (i) and (ii) above, none of the conditions precedent of the 2026–2028 Purchase Framework Agreement been fulfilled.

- Term : From 1 January 2026 to 31 December 2028.
- Price : The contracting parties will from time to time determine the prices by referencing the price promulgated by the PRC government, and if such prices are not applicable, prices will be determined by referring to the fair market price charged by independent third parties at Shihezi or region near Shihezi from time to time and pursuant to the terms set out in the 2026–2028 Purchase Framework Agreement determined after arm’s length negotiations and on normal commercial terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, to the best of the knowledge of the Directors there is no government pricing policy in place which is applicable to PVC resins.

- Procedures for Determining the Fair Market Price of PVC Resin (Procedures for determining the fair market price charged by an independent third party in or around Shihezi City)
- :
- To ensure that the price of PVC resin purchased from the Group is in line with the fair market price, the Group adopts the following price inquiry and comparison procedures:
1. Based on the actual raw material needs of the Group's production and operation, the Group's procurement department first clarifies core benchmarks such as the specifications, quality and technical standards, delivery cycle and delivery requirements of the PVC resin products to be purchased, ensuring that the price comparison criteria of all suppliers are consistent and uniform.
 2. The Group's procurement department conducts price inquiries by telephone with qualified suppliers in or around Shihezi City who can reliably meet the Group's purchasing needs, collecting and compiling information on the current effective prices, payment requirements, delivery methods and transportation guarantees of each supplier to ensure the comparability of price information.
 3. Based on the information collected from various suppliers, the Group's procurement department compares the comprehensive procurement costs across the entire supply chain, including product unit price, logistics costs corresponding to transportation distance, capital costs corresponding to payment terms, and inventory preparation costs corresponding to delivery cycle, which in turn generates a procurement price comparison list. The Group then conducts a comprehensive evaluation of the supplier based on core business factors such as payment settlement terms, supply performance capabilities, delivery guarantee efficiency, corporate qualifications and overall business strength, then ultimately selecting the supplier with the best overall cost-effectiveness.

- Pricing basis : The Group formulates the selling prices of its products based on current market raw material price fluctuations, taking into account product costs and comparing with seasonal selling prices of competitors. When determining the selling price of each product, the Group's finance, purchasing and management departments will jointly determine a standard price list at monthly price assessment meetings, with reference to the current market prices of similar products and raw material costs. The pricing standards established in this price list apply to all purchasing transactions (including purchasing transactions with Tianye Group).
- Payment terms : The Group and Tianye Group will enter into separate contracts in accordance with the terms and conditions mutually agreed upon between the parties pursuant to the terms and conditions of the 2026–2028 Purchase Framework Agreement, with detailed payment terms to be defined therein. Payments are generally expected to be paid in full prior to delivery.

We have reviewed and compared the terms of the 2026–2028 Purchase Framework Agreement and the 2023–2025 Purchase Framework Agreement and note that, other than proposed annual caps, there has been no material change between the terms of the two aforesaid agreements.

We have enquired the management of the Company and were given the understanding that the Group will bear the transportation cost for procurement of the raw materials, hence, apart from the material cost, transportation cost (including time cost) is also the major concern for the Group. The Group will compare the quotations from at least three suppliers including independent suppliers and Tianye Group and select the best one.

For our due diligence purpose, we have (i) obtained and reviewed the purchase control policy and procedures of the Group; (ii) obtained and reviewed a full procurement list for the two years ended 31 December 2024 and the nine months ended 30 September 2025; and (iii) reviewed sample copies of historical purchase records between the Group and Tianye Group and compared with the samples of purchase records between the Group and the independent third parties. In reviewing the historical purchase records, we have selected samples based on the materiality of the transaction amount. The reviewed samples represented the top 5 purchases under the 2023–2025 Purchase Framework Agreement and the top 5 purchases by the Group from the independent third parties for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025. We are of the view that the selection basis and sample copies reviewed are fair and representative in view of materiality. From our sample review, we note that (i) the

purchase was made in compliance with the purchase control policy of the Group for each transaction; (ii) the cost per ton paid for purchase is priced at the market price or more favourable than those offered by other independent suppliers for each purchase for the two years ended 31 December 2024 and the nine months ended 30 September 2025; and (iii) other major terms offered by Tianye Group including payment terms and delivery are similar with those offered by other independent suppliers.

In addition, as confirmed by the Company, Tianye Group agrees that in case of a shortage of PVC resin, light calcium carbonate and agricultural products in the market, it will give priority to the Group on purchasing the products under 2026–2028 Purchase Framework Agreement under the same contract terms. The Group also enjoys flexibility on purchase of the products from Tianye Group as the Group is not obliged to purchase the products 2026–2028 Purchase Framework Agreement from Tianye Group exclusively and the Group is free to purchase from other independent third parties for a better offer.

Having considered that (i) the purchase from Tianye Group are priced at or more favourable than the market price; (ii) the major terms of the 2026–2028 Purchase Framework Agreement, including payment terms and delivery are comparable to and no less favourable than that offered by other independent suppliers; and (iii) the flexibility in purchasing products and securing stable supply to maintain its competitiveness in the market, we are of the view that the terms of the 2026–2028 Purchase Framework Agreement are on normal commercial terms, in the ordinary and usual courses of business of the Company and in accordance with the pricing policy of the Group, are in the interests of the Company and its Independent Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

3.2 Our assessment on the proposed annual caps of the 2026–2028 Purchase Framework Agreement

The following table shows the proposed annual caps of the 2026–2028 Purchase Framework Agreement for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028:

| | For the year ending 31 December 2026 (RMB) | For the year ending 31 December 2027 (RMB) | For the year ending 31 December 2028 (RMB) |
|----------------------|---|---|---|
| Proposed annual caps | 250,000,000 | 250,000,000 | 250,000,000 |

As stated in the Letter from the Board, the proposed annual caps were determined after an arm's length negotiation between the Company and Tianye Group with reference to, among other things, the following:

- (i) policy support and market demand growth: the demand for PVC Pipes is supported by clear and sustainable growth;
- (ii) the current annual production capacity of PVC pipes of the Group;
- (iii) the directly proportional relationship between production of PVC pipes production and the demand of PVC resin, namely that the consumption of PVC resin will increase in line with the increase in production of PVC pipes;
- (iv) the Group purchased most of its PVC resin from Tianye Group during the past three years;
- (v) Procurement demand for specific large-scale projects; and
- (vi) Ensure stability of supply and business continuity, and mitigate the risk of price fluctuations.

The following table shows the annual caps under the 2023–2025 Purchase Framework Agreement and the actual transaction amounts incurred for the years ended 31 December 2023 and 31 December 2024 and for the nine months ended 30 September 2025 as stated in the Letter from the Board:

| | For the year ended 31 December 2023 (audited) (RMB) | For the year ended 31 December 2024 (audited) (RMB) | For the nine months ended 30 September 2025 (unaudited) (RMB) |
|--|--|--|--|
| Annual caps | 250,000,000 | 250,000,000 | 250,000,000 |
| Actual transaction amounts incurred | 131,901,900 | 141,644,100 | 21,338,600 |

We have discussed with the management of the Company and the Company informed that the actual transaction amounts under the 2023–2025 Purchase Framework Agreement were adversely affected by (i) the unexpected change in procurement arrangement in certain historical construction projects, which led to the decrease in sales of products under the 2023–2025 Sales Framework Agreement, and in turn the decrease in the goods purchased from Tianye Group under the 2023–2025 Purchase Framework Agreement as those purchased goods would be used for the production of the items for sale under the 2023–2025 Sales Framework Agreement; and (ii) the prolonged internal approval of the government bodies for certain large-scale construction projects, which postponed

the tendering process of the construction projects and thus the demand of the Group for the purchased goods under the 2023–2025 Purchase Framework Agreement was also reduced. The Company confirmed that the above were isolated events and the relevant impacts only involved historical construction projects only and would not have any material adverse effect on the Group's subsequent construction projects and purchasing strategy.

When determining the annual caps under the 2026–2028 Purchase Framework Agreement, the Company has considered government support policies and the future demand of Tianye Group for the purchased goods under the 2026–2028 Purchase Framework Agreement, which has direct correlation with the PVC pipe production of the Group for the purpose of the Group's construction projects. We have conducted desktop research on the supportive government policies of water conservation facilities, water-saving and the introduction of high-standard agriculture system. The PRC government has set out explicit goals for high-standard farmland, water conservation facilities and agricultural and industrial water-saving measure for the 15th Five-Year Plan period. According to the “Implementation Plan for Gradually Upgrading Permanent Basic Farmland into High-Standard Farmland” (《逐步把永久基本農田建成高標準農田實施方案》) as introduced by General Office of the State Council of the PRC (中華人民共和國國務院辦公廳) in 2025, the plan state that by 2030, it aims to build 1.35 billion mu and upgrade 280 million mu of high-standard farmland (including water conservation facilities) and build 80 million mu of new high-efficiency water-saving irrigation areas.

For our due diligence purpose, we have (i) obtained and reviewed the project and procurement list; (ii) reviewed procurement documents of all awarded construction projects; and (iii) reviewed the tender notice of the Sizeable Potential Project. Based on the project and procurement list, the Group has secured several projects and is preparing to participate the tender of the Sizeable Potential Project as mentioned in the section headed “2.2 Our assessment on the proposed annual caps of 2026–2028 Project Construction Services Framework Agreement” above. We note that the Group may purchase up to approximately RMB536.40 million of purchased goods from Tianye Group for the Sizeable Potential Project. Based on such estimation, together with the other purchases by the Group from Tianye Group for the Group's PVC pipe production, the Group may have a potential demand for the purchased goods under the 2026–2028 Purchase Framework Agreement up to approximately RMB734.60 million for the three years ending 31 December 2028. As such, in order to maintain flexibility and sufficiency for the purchase amount from Tianye Group for the PVC pipe production, in particular the demand from Sizeable Potential Project and the supportive government policies as discussed above, we consider that the proposed annual caps under the 2026–2028 Purchase Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4. 2026–2028 Sales Framework Agreement

4.1 Principal terms of 2026–2028 Sales Framework Agreement

The principal terms of the 2026–2028 Sales Framework Agreement are summarized as follows:

- | | | |
|----------------------|---|---|
| Date of agreement | : | 16 February 2026 (after trading hours of the Stock Exchange) |
| Parties | : | (i) Tianye Group (for itself and on behalf of its subsidiaries), as the purchaser; and (ii) the Company (for itself and on behalf of its subsidiaries), as the seller. |
| Items for sale | : | Sale of PVC pipe fittings, PE pipe fittings, drip tapes and drip assemblies, automation products, filters, water pumps, fertilizer applicators and other related products. |
| Conditions precedent | : | The 2026–2028 Sales Framework Agreement will come into effect upon the following conditions being satisfied: (i) the 2026–2028 Sales Framework Agreement has been duly signed and stamped by both the Company and Tianye Group; (ii) the 2026–2028 Sales Framework Agreement and the transactions contemplated thereunder have been approved by the relevant regulatory authorities (if any); and (iii) the Company has complied with the relevant requirements under the Listing Rules in relation to the 2026–2028 Sales Framework Agreement and the transactions contemplated thereunder, including but not limited to submitting the circular in respect of the 2026–2028 Sales Framework Agreement to the Stock Exchange, publishing announcements, and obtaining the approval of Independent Shareholders. |

None of the conditions precedent above are waivable.

As at the Latest Practicable Date, save for the conditions precedent set out in (i) and (ii) above, none of the conditions precedent of the 2026–2028 Sales Framework Agreement have been fulfilled.

- Term : From 1 January 2026 to 31 December 2028.
- Price : The contracting parties will from time to time determine the prices by referencing the price promulgated by the PRC government, and if such prices are not applicable, prices will be determined by referring to the fair market price charged by independent third parties at Shihezi or region near Shihezi from time to time and pursuant to the terms set out in the 2026–2028 Sales Framework Agreement determined after arm’s length negotiations and on normal commercial terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, to the best of the knowledge of the Directors, there is no government pricing policy in place which is applicable to PVC pipe fittings, PE pipe fittings, drip tapes, drip assemblies, automation products, filters and water pumps.

- Pricing basis : The Group formulates the selling prices of its products based on current market raw material price fluctuations, taking into account product costs and comparing with seasonal selling prices of competitors. When determining the selling price of each product, the Group’s finance department, sales department and management will jointly determine a standard price list at monthly price assessment meetings, with reference to the current market prices of similar products and raw material costs. The pricing standards established in this price list apply to all sales (including sales transactions with Tianye Group).

- Payment terms : The Group and Tianye Group will enter into separate contracts in accordance with the terms and conditions mutually agreed upon between the parties pursuant to the terms and conditions of the 2026–2028 Sales Framework Agreement, with detailed payment terms to be defined therein. Payments are generally expected to be paid in full prior to delivery.

We have reviewed and compared the terms of the 2026–2028 Sales Framework Agreement and the 2023–2025 Sales Framework Agreement and note that, other than the proposed annual caps, there has been no material change between the terms of the two aforesaid agreements.

We have discussed with the management of the Company and note that the selling price of the items for sale to Tianye Group is determined and reviewed on a monthly basis and applies to all customers of the Group. The Directors also confirmed that the price charged by the Company to Tianye Group is comparable and no less favourable than the market prices of similar products that the Company sold to other independent customers.

For our due diligence purpose, we have (i) obtained and reviewed the sales control policy and procedures of the Group; (ii) reviewed and compared sample copies of historical transaction records, including sales contracts and/or sales invoices, in respective of the sales made by the Group to independent third parties and Tianye Group; and (iii) obtained and reviewed sample copies of monthly standard price list. We have selected samples based on the materiality of the transaction amount in reviewing the historical transaction records and the corresponding monthly standard price list of that particular month in respective of the sales made by the Group to other independent third parties and Tianye Group. The samples under review represented the top 5 sales under the 2023–2025 Sales Framework Agreement for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025 and the top 5 sales to the independent third parties for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025. We are of the view that the selection basis and sample copies reviewed are fair and representative in view of materiality. From our sample review, we note that (i) the sales transactions are made in compliance with the sales control policy, including the approval procedures, of the Group; (ii) the selling price of the products sold to Tianye Group and independent third parties are determined in accordance with the sales policy of Group; and (iii) other major terms of the sales transactions entered into between the Company and Tianye Group are similar with those offered to other independent third parties.

Having considered that (i) the sales to Tianye Group are priced at the market price as offered by the Group to other independent third parties; and (ii) the major terms of the 2026–2028 Sales Framework Agreement, including the payment terms and delivery are comparable to and no less favourable than that offered to other independent third parties, we are of the view that the terms of the 2026–2028 Sales Framework Agreement are on normal commercial terms, in the ordinary and usual courses of business of the Company and in accordance with the pricing policy of the Group, are in the interests of the Company and its Independent Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

4.2 *Our assessment on the proposed annual caps of the 2026–2028 Sales Framework Agreement*

The following table shows the proposed annual caps of the 2026–2028 Sales Framework Agreement for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028:

| | For the year ending 31 December 2026 (RMB) | For the year ending 31 December 2027 (RMB) | For the year ending 31 December 2028 (RMB) |
|----------------------|---|---|---|
| Proposed annual caps | 250,000,000 | 250,000,000 | 250,000,000 |

As stated in the Letter from the Board, the proposed annual caps were determined after an arm’s length negotiation between the Company and Tianye Group with reference to, among other things, the following:

- (i) substantial growth in policy support and market demand;
- (ii) support from clear procurement demand for large-scale projects;
- (iii) ensuring stability of supply and business continuity; and
- (iv) prudent exclusion of identified phased influencing factors.

The following table shows the annual caps under the 2023–2025 Sales Framework Agreement and the actual transaction amounts incurred for the years ended 31 December 2023 and 31 December 2024 and for the nine months ended 30 September 2025 as stated in the Letter from the Board:

| | For the year ended 31 December 2023 (audited) (RMB) | For the year ended 31 December 2024 (audited) (RMB) | For the nine months ended 30 September 2025 (unaudited) (RMB) |
|--|--|--|--|
| Annual caps | 250,000,000 | 250,000,000 | 250,000,000 |
| Actual transaction amounts incurred | 65,166,000 | 38,767,300 | 11,315,500 |

We have discussed with the management of the Company and the Company informed that the actual transaction amounts under the 2023–2025 Sales Framework Agreement were adversely affected by (i) the unexpected change in procurement arrangement in certain historical construction projects, which led to the decrease in sales of products under the 2023–2025 Sales Framework Agreement; and (ii) the prolonged internal approval of the government bodies for certain large-scale construction projects, which postponed the tendering process of the construction projects and thus the demand of Tianye Group for the products under the 2023–2025 Sales Framework Agreement was also reduced. The Company confirmed that the above were isolated events and the relevant impacts only involved historical construction projects only and would not have any material adverse effect on the Group’s subsequent construction projects and sales strategy.

When determining the annual caps under the 2026–2028 Sales Framework Agreement, the Company has considered the future demand of Tianye Group for the products under the 2026–2028 Sales Framework Agreement, including the products to be supplied for the Group’s construction projects. As mentioned in the section headed “2.2 Our assessment on the proposed annual caps of 2026–2028 Project Construction Services Framework Agreement” above, the Group is preparing to participate the tender of the Sizeable Potential Project. For our due diligence purpose, we have (i) obtained and reviewed the project and sales list; (ii) reviewed sales contracts and/or sales invoices of all awarded construction projects; and (iii) reviewed the tender notice of the Sizeable Potential Project. We note that the Group may supply up to approximately RMB596.00 million of products to Tianye Group for the Sizeable Potential Project. Based on such estimation, together with the other sales by the Group to Tianye Group for the other construction projects, Tianye Group may have a potential demand for the products under the 2023–2025 Sales Framework Agreement up to approximately RMB763.57 million for the three years ending 31 December 2028. As such, in order to provide flexibility and opportunity of selling the products to Tianye Group and to meet the potential demand of the products for the construction projects, in particular the Sizeable Potential Project, we consider that the proposed annual caps under the 2026–2028 Sales Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal Control Procedures

As stated in the Letter from the Board, to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted the internal control procedures to standardize and prescribe pricing policies, mechanism, terms of reference, and decision-making agencies so that the Proposed Continuing Connected Transactions are conducted in accordance with their framework agreement and in strict compliance with the relevant pricing policies.

With respect to the Proposed Continuing Connected Transactions, the guiding principles will apply and the relevant internal control procedures are as follows:

- (i) The finance department of the Company will, upon the occurrence of each transaction, promptly record and monitor actual transaction amounts of the continuing connected transactions contemplated under the Continuing Connected Transaction Agreements to ensure the annual caps therein will not be exceeded;
- (ii) The relevant personnel of the business department of the Company will conduct monthly follow-up reviews and inspections to assess whether the Proposed Continuing Connected Transactions are carried out in accordance with the terms therein, so as to consider whether specific transaction prices are fair and reasonable and in compliance with the aforesaid pricing policies: (a) in connection with governmental pricing principles, the Group will review the relevant government-regulated or government-guided prices to ensure that prices quoted to Tianye Group will be in compliance with the relevant government-regulated or government-guided prices; (b) in connection with the market pricing principle, as far as provision of services to Tianye Group is concerned, the Group will review terms offered by independent third parties, and ensure principal terms offered to Tianye Group will be favorable to the Group and no less favorable to terms offered by the Group to independent third parties; (c) in connection with the agreed pricing principle, where neither the governmental pricing principle nor market pricing principle apply, prices offered to Tianye Group will be determined in reference to reasonable costs plus specific reasonable profits, in which case the Group will ensure the relevant profit margin will not be less favorable than those offered by independent third parties;
- (iii) In accordance with the Listing Rules, the auditor of the Company will review the Proposed Continuing Connected Transactions (which shall be subject to annual review and disclosure requirements under the Listing Rules) on an annual basis, and confirm (a) whether the Proposed Continuing Connected Transactions are approved by the Board; (b) whether the Proposed Continuing Connected Transactions are in compliance with the pricing policies of the Group in all material aspects; (c) whether the Proposed Continuing Connected Transactions are entered into in accordance with the Continuing Connected Transaction Agreements; and (d) whether the Proposed Continuing Connected Transactions have exceeded the annual caps;

- (iv) In accordance with the Listing Rules, the Independent Non-executive Directors shall conduct annual reviews (which shall be subject to annual review and disclosure requirements under the Listing Rules) to confirm that the transactions contemplated under the Continuing Connected Transaction Agreements are conducted (a) in the ordinary and usual course of business; (b) on normal commercial or better terms; and (c) in accordance with the Continuing Connected Transaction Agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole. Where the aforesaid annual caps in preceding paragraphs are exceeded, the Continuing Connected Transaction Agreements are renewed, or where material changes take place, the Company will be required to re-comply with the reporting, announcement, and Independent Shareholders' approval requirements under Rules 14A.35 to 14A.47 of the Listing Rules.

Accordingly, we have reviewed the documents of the internal control procedures in respect of the Proposed Continuing Connected Transactions. Based on our review on documents of the internal control procedures and the samples of the historical transactions under the 2023–2025 Project Construction Services Framework Agreement, the 2023–2025 Purchase Framework Agreement and the 2023–2025 Sales Framework Agreement in our assessment on the terms of the Continuing Connected Transaction Agreements as discussed above in this letter, we considered the internal control procedures are adequate and effective to ensure that the transactions as contemplated under the Continuing Connected Transaction Agreements will be on normal commercial terms and no less favourable to the Company than those offered by independent third parties.

RECOMMENDATION

Taking into account the above principal factors and reasons, we consider that the terms of the Continuing Connected Transaction Agreements, including the proposed annual caps and the transactions contemplated thereunder, are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the ordinary resolution to approve the Proposed Continuing Connected Transactions and the proposed annual caps.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited



Gina Leung
Managing Director



Psyche So
Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Ms. Psyche So is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over nine years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.