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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xinjiang Tianye Water Saving Irrigation System Company Limited\*, you should at once hand this circular, together with the enclosed forms of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**新疆天業節水灌溉股份有限公司**  
**XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\***  
*(a joint stock limited company incorporated in the People's Republic of China)*  
**(Stock Code: 00840)**

**(I) CONTINUING CONNECTED TRANSACTIONS:**  
**(1) 2026–2028 PROJECT CONSTRUCTION SERVICES**  
**FRAMEWORK AGREEMENT**  
**(2) 2026–2028 PURCHASE FRAMEWORK AGREEMENT**  
**(3) 2026–2028 SALES FRAMEWORK AGREEMENT;**  
**(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**INCU Corporate Finance Limited**

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A letter from the Board is set out on pages 1 to 35 of this circular. A letter from the Independent Board Committee is set out on pages 36 to 37 of this circular. A letter from INCU Corporate Finance Limited, the Independent Financial Adviser, containing its recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 38 to 67 of this circular.

The notice for convening the extraordinary general meeting ("EGM") of the Company to be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC on Thursday, 30 April 2026 at 10:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is dispatched on Friday, 10 April 2026, and published on the website of the Stock Exchange (<http://www.hkexnews.hk>). Whether or not you are able to attend the EGM, please complete and return the forms of proxy in accordance with the instructions printed thereon to the Hong Kong H share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for the holders of H Shares only) or to the Company's registered office at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM or any adjourned meetings. Completion and return of the forms of proxy will not preclude you from attending and voting at the meetings or any adjourned meeting(s) should you so wish.

\* For identification purposes only

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:*

- “2023–2025 Project Construction Services Framework Agreement” the project construction services framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Tianye Group (for itself and on behalf of its subsidiaries) on 15 September 2023 in relation to, among other things, the provision of infrastructure construction services by the Group for the period from 1 January 2023 to 31 December 2025;
- “2023–2025 Purchase Framework Agreement” the purchase framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Tianye Group (for itself and on behalf of its subsidiaries) on 15 September 2023 in relation to, among other things, the purchase by the Group from Tianye Group of PVC resins for the period from 1 January 2023 to 31 December 2025;
- “2023–2025 Sales Framework Agreement” the sales framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Tianye Group (for itself and on behalf of its subsidiaries) on 15 September 2023 in relation to, among other things, the sales by the Group to Tianye Group of the PVC/PE pipelines, drip tapes and drip assemblies for the period from 1 January 2023 to 31 December 2025;
- “2026–2028 Project Construction Services Framework Agreement” the project construction services framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Tianye Group (for itself and on behalf of its subsidiaries) on 16 February 2026 in relation to the provision of infrastructure construction services by the Group to Tianye Group for the period from 1 January 2026 to 31 December 2028;
- “2026–2028 Purchase Framework Agreement” the purchase framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Tianye Group (for itself and on behalf of its subsidiaries) on 16 February 2026 in relation to the purchase by the Group from Tianye Group of PVC resins, light calcium carbonate, other chemical products and agricultural products for the period from 1 January 2026 to 31 December 2028;

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## DEFINITIONS

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“2026–2028 Sales Framework Agreement”	the sales framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Tianye Group (for itself and on behalf of its subsidiaries) on 16 February 2026 in relation to the sale by the Group to Tianye Group of the PVC pipe fittings, PE pipe fittings, drip tapes and drip assemblies, automation products, filters, water pumps and other related products for the period from 1 January 2026 to 31 December 2028;
“associate(s)”	has the meaning as defined under the Listing Rules;
“Articles of Association”	the articles of association of the Company (as amended from time to time);
“Board”	the board of directors of the Company;
“Company”	新疆天業節水灌溉股份有限公司 (Xinjiang Tianye Water Saving Irrigation System Company Limited*), a joint stock company established in the PRC with limited liability on 18 December 2003, whose H Shares are listed and traded on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning as defined under the Listing Rules;
“continuing connected transaction(s)”	has the meaning as defined under the Listing Rules;
“Continuing Connected Transaction Agreements”	2026–2028 Project Construction Services Framework Agreement, 2026–2028 Sales Framework Agreement and 2026–2028 Purchase Framework Agreement;
“Corps”	Xinjiang Production and Construction Corps;
“Corps SASAC”	the State-owned Assets Supervision and Administration Commission of Xinjiang Production and Construction Corps;
“Directors”	the directors of the Company;
“Domestic Shares”	domestic share(s) of nominal value of RMB1.00 each in the registered capital of the Company which are subscribed for in RMB;
“EGM”	the extraordinary general meeting (and any adjournment thereof) of the Company to be held to consider and approve, among others, the Project Construction Services Framework Agreement, the Purchase Framework Agreement, the Sales Framework Agreement and the transactions contemplated thereunder;

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## DEFINITIONS

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“Eighth Division SASAC”	the State-owned Assets Supervision and Administration Commission of the Xinjiang Production and Construction Corps Eighth Agricultural Division;
“Group”	the Company and its subsidiaries;
“H Shares”	the overseas listed foreign invested share(s) of nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Stock Exchange and subscribed for and traded in HK\$;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Financial Adviser” or “INCU”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated and the proposed annual caps under 2026–2028 Project Construction Services Framework Agreement, 2026–2028 Purchase Framework Agreement and 2026–2028 Sales Framework Agreement respectively;
“Independent Shareholders”	Shareholders other than Tianze Water Investment and its associates;
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely Ms. Gu Li, Mr. Hung Ee Tek and Mr. He Xinlin;
“Latest Practicable Date”	1 April 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information as contained therein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, but for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

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## DEFINITIONS

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“Share(s)”	H Shares, the Domestic Shares and all shares of other class(es) resulting from any sub-division, consolidation or reclassification thereof from time to time in the share capital of the Company;
“Shareholders”	the holders of H Shares and Domestic Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	has the meaning as defined under the Listing Rules;
“Tianye Group”	新疆天業(集團)有限公司 (Xinjiang Tianye (Group) Limited*);
“Tianze Water Investment”	新疆天澤水利投資發展有限公司 (Xinjiang Tianze Water Conservancy Investment and Development Co., Ltd.*); and
“%”	percent.



新疆天业节水灌溉股份有限公司  
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00840)

*Executive Directors:*

Mr. Zhou Gang (*Chairman*)  
Mr. Jiang Dayong  
Mr. Wang Dongwei  
Mr. Li Zheng

*Independent non-executive Directors:*

Ms. Gu Li  
Mr. Hung Ee Tek  
Mr. He Xinlin

*Registered office:*

No. 36, Bei San Dong Road,  
Shihezi Economic and  
Technological Development Zone,  
Shihezi,  
Xinjiang,  
PRC

*Principal place of business*

*in Hong Kong:*  
22/F., World-Wide House,  
Central,  
Hong Kong

10 April 2026

*To the Shareholders*

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS:  
(1) 2026–2028 PROJECT CONSTRUCTION SERVICES  
FRAMEWORK AGREEMENT  
(2) 2026–2028 PURCHASE FRAMEWORK AGREEMENT  
(3) 2026–2028 SALES FRAMEWORK AGREEMENT;  
(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to (1) the announcement of the Company dated 16 February 2026 in relation to, among others, (1) the 2026–2028 Project Construction Services Framework Agreement; (2) the 2026–2028 Purchase Framework Agreement; and (3) the 2026–2028 Sales Framework Agreement; and (2) the announcement of the Company dated 1 April 2026 in relation to the proposed amendments to the Articles of Association.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (1) further details of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps); (2) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Continuing Connected Transaction Agreements; (3) a letter from the Independent Financial Advisor to the Independent Board Committee and Independent Shareholders containing advice in respect of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps); (4) further details of the proposed amendments to the Articles of Association; and (5) a notice of convening the EGM.

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 the relevant Shareholders' approval in respect thereof.

## 2. CONTINUING CONNECTED TRANSACTION AGREEMENTS

### (i) 2026–2028 Project Construction Services Framework Agreement

#### *Principal terms*

- 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.
- Transactions : 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.

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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/T 50500–2024 “Code of Valuation with Bill of Quantities of Construction Works”\* (《建設工程工程量清單計價規範》), 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

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## LETTER FROM THE BOARD

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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 and in the ordinary course of business; and

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## LETTER FROM THE BOARD

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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 cost 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 are 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.

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## LETTER FROM THE BOARD

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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.

### *Historical caps and transaction amounts*

The following table summarizes the annual caps and the relevant historical transaction amounts under the 2023–2025 Project Construction Services Framework Agreement for the two years ended 31 December 2024 and for the nine months ended 30 September 2025:

	For the year ended 31 December 2023 (Audited historical transaction amount) (RMB)	For the year ended 31 December 2024 (Audited historical transaction amount) (RMB)	For the nine months ended 30 September 2025 (Unaudited historical transaction amount) (RMB)
Annual caps	510,000,000	510,000,000	510,000,000
Historical transaction amounts	243,068,000	175,385,900	60,301,700

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## LETTER FROM THE BOARD

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### *Historical utilization rates of the annual caps*

For the two years ended 31 December 2024 and the nine months ended 30 September 2025, the annual caps of the Group under the 2023–2025 Project Construction Services Framework Agreement were not fully utilized, primarily due to the following periodic and project-specific factors:

- (i) In light of changes in the macro-market environment and the dynamic adjustment of relevant industrial policies, and the prolonged approval cycle for the intelligent ecological photovoltaic coupling and other large-scale projects, which failed to complete project initiation and bidding as originally scheduled, the relevant projects were only progressively awarded in the second half of 2025. The specific implementation work arrangements are expected to be carried forward in stages in 2026 and 2027.

The aforementioned factors are periodic in nature and attributable to the specific progress of projects, and do not reflect the day-to-day business model or the sustainable development trend of the Group's project construction business, nor do they affect the business continuity or the subsequent project undertaking and implementation capabilities of the Group in the field of project construction.

The low historical utilization rates of the annual caps of the Group under the 2023–2025 Project Construction Services Framework Agreement were the combined effect of multiple reasonable factors, including market-driven choices, policy compliance requirements, and fluctuations in operating results. The relevant impacts only involve certain past projects and are relatively isolated events, which does not reflect the long-term trend of the Group's future overall operating scale or business expansion capabilities.

### *Annual caps and the basis of determination*

With the following factors taken into account, the annual caps for each of the three years ending 31 December 2028 under the 2026–2028 Project Construction Services Framework Agreement are as follows:

	For the year ending 31 December 2026 (RMB)	For the year ending 31 December 2027 (RMB)	For the year ending 31 December 2028 (RMB)
Annual caps	610,000,000	610,000,000	610,000,000

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## LETTER FROM THE BOARD

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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 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.

### **(ii) 2026–2028 Purchase Framework Agreement**

#### *Principal terms*

- Date of agreement: 16 February 2026 (after trading hours of the Stock Exchange)
- Parties:
- (1) the Company (for itself and on behalf of its subsidiaries) as the purchaser; and
  - (2) Tianye Group (for itself and on behalf of its subsidiaries) as the seller.

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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).

There is no standard market for PVC resin. Under the 2023–2025 Purchase Framework Agreement, the average purchase prices for the financial years 2023, 2024 and the nine months ended 30 September 2025 were approximately RMB6,021.45/ton, RMB6,431.92/ton and RMB4,511.95/ton, respectively.

The Directors believe that the above procurement process will ensure the terms of the 2026–2028 Purchase Framework Agreement are determined in the ordinary course of business on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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.

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## LETTER FROM THE BOARD

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### *Historical caps and transaction amount*

The following table summarizes the annual caps and the relevant historical transaction amounts under the 2023–2025 Purchase Framework Agreement for each of the two years ended 31 December 2024 and for the nine months ended 30 September 2025:

	For the year ended 31 December 2023 (Audited historical transaction amount) (RMB)	For the year ended 31 December 2024 (Audited historical transaction amount) (RMB)	For the nine months ended 30 September 2025 (Unaudited historical transaction amount) (RMB)
Annual caps	250,000,000	250,000,000	250,000,000
Historical transaction amounts	131,901,900	141,644,100	21,338,600

### *Historical utilization rates of the annual caps*

For the two years ended 31 December 2024 and the nine months ended 30 September 2025, the annual caps of the Group under the 2023–2025 Purchase Framework Agreement were not fully utilized, primarily due to the following periodic and project-specific factors:

- (i) In certain past projects, owner-furnished materials arrangements were adopted, under which project owners were responsible for the unified procurement of materials. This resulted in a temporary contraction of the Group's material purchase volume for such projects during the relevant period. Such arrangements were only confined to specific past projects and do not affect the Group's discretionary purchase arrangements regarding its future purchase operations; and

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## LETTER FROM THE BOARD

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- (ii) In view of the combined impact of changes in the macro-market environment, the dynamic adjustment of relevant industrial policies, and the prolonged approval cycle for the intelligent ecological photovoltaic coupling and other large-scale projects, which failed to complete project initiation and bidding as originally scheduled, the Group experienced a periodic contraction in the scale of its core business and a decline in product sales volume during the relevant period, which led to a corresponding reduction in the demand for purchase of raw materials and supporting services.

The aforementioned factors are periodic in nature and attributable to the specific progress of projects, and do not represent the long-term development trend of the Group's purchase business or any adjustment to its overall purchase strategy.

The low historical utilization rates of the annual caps of the Group under the 2023–2025 Purchase Framework Agreement were the combined effect of multiple reasonable factors, including market-driven choices, policy compliance requirements, and fluctuations in operating results. The relevant impacts only involve certain past projects and are relatively isolated events, which will not have any material adverse effect on the Group's subsequent projects.

### *Annual caps and the basis of determination*

After consideration of the above factors, the annual caps for each of the three years ending 31 December 2028 under the 2026–2028 Purchase Framework Agreement are as follows:

	For the year ending 31 December 2026 (RMB)	For the year ending 31 December 2027 (RMB)	For the year ending 31 December 2028 (RMB)
Annual caps	250,000,000	250,000,000	250,000,000

The annual caps were determined after an arm's length negotiation between the Company and Tianye Group.

The Board confirms that, when determining these caps, full consideration was given to the low utilization rates of the previous agreements. The Board considers this low utilization to be temporary and caused by project-specific factors (as detailed in the "Historical utilization rates of the annual caps" section above), and that it does not represent the Group's future procurement needs.

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## LETTER FROM THE BOARD

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The proposed annual caps are primarily based on the following specific factors:

- (i) *Policy Support and Market Demand Growth: The Demand for PVC Pipes is Supported by Clear and Sustainable Growth*

The Group's forecast for the demand for PVC pipes is based on the following multi-layered growth drivers:

- **National strategy enters a critical stage and inelastic demand is released:** According to the Implementation Plan for Gradually Building 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》) issued by the General Office of the State Council of the People's Republic of China in 2025, the Chinese government has set targets to build 1.35 billion mu and renovate and upgrade 280 million mu of high-standard farmland (including water-saving facilities), as well as to build 80 million mu of new high-efficiency water-saving irrigation area. The period from 2026 to 2028 is the critical implementation phase of the National High-Standard Farmland Construction Plan (2021–2030) (《全國高標準農田建設規劃(2021–2030年)》). As core regions, Xinjiang and the Corps will enter a period of concentrated construction for full coverage of high-standard farmland, the upgrading and renovation of old and obsolete water-saving facilities, the comprehensive utilization of saline-alkali land, and water conservancy supporting projects for rural revitalization. As a mandatory construction indicator, high-efficiency water-saving irrigation will directly drive the continuous expansion of inelastic procurement demand for PVC water-saving pipes.
- **Steady expansion of core customer base facilitates concrete growth:** Relying on the advantages of Tianye Group's entire industry chain, as well as the brand and channel advantages accumulated by the Group from its deep cultivation of the Xinjiang and the Corps markets over many years, the Group's core customer base is expected to achieve steady expansion from 2026 to 2028. This includes the continuous increase in procurement demand for renovation, upgrading and new construction projects from the various divisions of the existing Corps and from government and corporate customers in various prefectures of Xinjiang; the development of new customers in major domestic agricultural production areas such as Northwest and North China; coupled with the synergistic supporting demand from the chemical, infrastructure and municipal sectors within the Group, which together form a stable internal demand support.

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## LETTER FROM THE BOARD

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- **Application scenarios continue to broaden, extending the boundaries of demand:** The application scenarios of PVC pipes are extending from traditional agricultural water-saving irrigation to multiple areas such as protected agriculture, agrivoltaics, ecological restoration, municipal water supply and drainage, and the improvement of rural living environments. The broadening of application scenarios provides additional assurance for the growth in demand from 2026 to 2028.

- (ii) the current annual production capacity of PVC pipes of the Group;
- (iii) the directly proportional relationship between the production of PVC pipes and the demand for PVC resin, namely that the consumption of PVC resin will increase in line with the increase in the production capacity 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*

The Group is actively preparing to participate in the bidding for several of Tianye Group's construction projects, among which the tender process for a large-scale construction project (namely the Smart Ecological Photovoltaic Coupled Green Special Resin Low-carbon Transformation and Upgrading Demonstration Project (Phase I) of Xinjiang Tianhe Energy Chemical New Material Co., Ltd.) (the "**Large-scale Potential Project**") has commenced. As stated in the tender notice for the Large-scale Potential Project, its construction scale is massive, covering multiple production units and ancillary facilities. Based on the Group's preliminary estimates, if the tender is secured and the Group undertakes the Large-scale Potential Project, the Group may purchase purchased goods (as defined above) from Tianye Group for such project of up to approximately RMB536.4 million. Based on such estimates, together with other purchases made by the Group from Tianye Group for the production of PVC pipes, for the three years ending 31 December 2028, the Group's potential demand for the purchased goods under the 2026–2028 Purchase Framework Agreement may reach approximately RMB734.60 million.

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## LETTER FROM THE BOARD

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(vi) *Ensure stability of supply and business continuity, and mitigate the risk of price fluctuations*

Based on the Group's future overall business plan and potential procurement demand for raw materials and supporting services, and particularly considering the Large-scale Potential Project spanning from 2026 to 2028, entering into a long-term procurement framework agreement has significant commercial rationale:

- **Securing supply and preventing disruption risks:** To ensure the continuous and stable supply of the purchased goods (as defined above), and to retain an appropriate buffer in the event of market price fluctuations, uneven supply cycles and potential fluctuations in the delivery arrangements of upstream suppliers, so as to prevent supply chain disruption risks.
- **Addressing price upside and volatility risks:** Based on the comprehensive assessment of upstream raw material costs, the industry production capacity landscape and macro policies, the domestic PVC resin market price from 2026 to 2028 is expected to exhibit an operating trend characterized by a stable to rising median and wide-range fluctuations from time to time, with no market basis for a unilateral significant downturn.
  - **Rigid support from the cost side:** Affected by the production capacity controls on high energy-consumption industries under the “dual carbon” goals, the costs of core raw materials such as calcium carbide and semi-coke remain high, which puts a floor under the price of PVC resin from the cost side.
  - **Supply-side optimization:** Industry concentration has increased, backward production capacity continues to be phased out, and new production capacity is limited. The overall supply will maintain a tight balance, thereby curbing disorderly price competition.
  - **Significant price volatility risk:** Affected by factors such as abnormal fluctuations in international energy prices, domestic periodic environmental protection and energy consumption controls as well as futures market sentiment, prices are expected to experience wide-range fluctuations from time to time. Entering into a long-term procurement framework agreement can effectively mitigate such price volatility risks, secure a stable supply of core raw materials, and control the Group's overall procurement costs, thereby safeguarding the continuity and stability of the Company's production and operations.

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## LETTER FROM THE BOARD

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### (iii) 2026–2028 Sales Framework Agreement

#### *Principal terms*

- Date of agreement: 16 February 2026 (after trading hours of the Stock Exchange)
- Parties: (1) Tianye Group (for itself and on behalf of its subsidiaries) as the purchaser; and  
(2) 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 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.

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## LETTER FROM THE BOARD

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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).

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In relation to the average market price of the PVC pipelines, the average selling prices under the 2023–2025 Sales Framework Agreement were approximately RMB8,808/ton, RMB7,854.25/ton and RMB6,235.22/ton for the financial years 2023, 2024 and for the nine months ended 30 September 2025.

In relation to the average market price of the PE pipelines, the average selling prices under the 2023–2025 Sales Framework Agreement were approximately RMB9,741/ton, RMB11,834.08/ton and RMB12,056/ton for the financial years 2023, 2024 and for the nine months ended 30 September 2025.

In relation to the average market price of the drip tapes, the average selling prices under the 2023–2025 Sales Framework Agreement were approximately RMB0.8/metre, RMB0.9/metre and RMB0.9/metre for the financial years 2023, 2024 and for the nine months ended 30 September 2025.

The Directors believe that the above sales process will ensure the terms of the 2026–2028 Sales Framework Agreement are determined in the ordinary course of business on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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.

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## LETTER FROM THE BOARD

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### *Historical caps and transaction amount*

The following table summarizes the annual caps and the relevant historical transaction amounts under the 2023–2025 Sales Framework Agreement for the two years ended 31 December 2024 and for the nine months ended 30 September 2025:

	For the year ended 31 December 2023 (Audited historical transaction amount) (RMB)	For the year ended 31 December 2024 (Audited historical transaction amount) (RMB)	For the nine months ended 30 September 2025 (Unaudited historical transaction amount) (RMB)
Annual caps	250,000,000	250,000,000	250,000,000
Historical transaction amounts	65,166,000	38,767,300	11,315,500

### *Historical utilization rates of the annual caps*

For the two years ended 31 December 2024 and the nine months ended 30 September 2025, the annual caps of the Group under the 2023–2025 Sales Framework Agreement were not fully utilized, primarily due to the following periodic and project-specific factors:

- (i) In certain past projects, owner-furnished materials arrangements were adopted, under which project owners were responsible for the unified procurement of materials. This resulted in a certain degree of restriction on the Group's scope of participation in the sale of materials for such projects during the relevant period. Such arrangements were only confined to specific past projects and do not affect the Group's overall planning regarding its future sales business layout and sales models; and
- (ii) In view of the combined impact of changes in the macro-market environment, the dynamic adjustment of relevant industrial policies, and the prolonged approval cycle of the intelligent ecological photovoltaic coupling and other large-scale projects, which failed to complete project initiation and bidding as originally scheduled, the Group experienced a periodic contraction in the scale of its core business and a decline in product sales volume during the relevant period, which led to a corresponding reduction in the demand for the sale of raw materials and supporting services.

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## LETTER FROM THE BOARD

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The aforementioned factors are periodic in nature and attributable to the specific progress of projects, and do not represent the long-term development trend of the Group's sales business or any adjustment to its overall market expansion strategy.

The low historical utilization rates of the annual caps of the Group under the 2023–2025 Sales Framework Agreement were the combined effect of multiple reasonable factors, including market-driven choices, policy compliance requirements, and fluctuations in operating results. The relevant impacts only involve certain past projects and are relatively isolated events, which will not have any material adverse effect on the Group's subsequent projects.

### *Annual caps and the basis of determination*

After consideration of the above factors, the annual caps for each of the three years ended 31 December 2028 under the 2026–2028 Sales Framework Agreement are as follows:

	For the year ending 31 December 2026 (RMB)	For the year ending 31 December 2027 (RMB)	For the year ending 31 December 2028 (RMB)
Annual caps	250,000,000	250,000,000	250,000,000

The annual caps were determined after an arm's length negotiation between the Company and Tianye Group.

The Board confirms that, when determining these caps, full consideration was given to the low utilization rates of the previous agreements. The Board considers this low utilization to be temporary and caused by project-specific factors (as detailed in the "Historical utilization rates of the annual caps" section above), and that it does not represent the Group's future procurement needs.

The proposed annual caps are primarily based on the following specific factors:

(i) *Substantial Growth in Policy Support and Market Demand*

As stated in the section headed "Annual Caps and the Basis of Determination" in the 2026–2028 Procurement Framework Agreement, according to the Implementation Plan for Gradually Building 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》) issued by the General Office of the State Council of the People's Republic of China in 2025, the Chinese government has set targets to build 1.35 billion mu and renovate and upgrade 280 million mu of high-standard farmland (including water-saving facilities), as well as to build 80 million mu of new high-efficiency water-saving irrigation area. The period

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from 2026 to 2028 is the critical implementation phase of the National High-Standard Farmland Construction Plan (2021–2030) (《全國高標準農田建設規劃 (2021–2030年)》). As core regions, Xinjiang and the Corps will enter a period of concentrated construction for full coverage of high-standard farmland, the upgrading and renovation of old and obsolete water-saving facilities, the comprehensive utilization of saline-alkali land, and water conservancy supporting projects for rural revitalization.

Such policies will directly drive market demand for water-saving irrigation products (including the sale of PVC pipe fittings, PE pipe fittings, drip irrigation tapes and drip irrigation accessories, automation products, filters, water pumps and other related products), which in turn will increase the procurement demand of Tianye Group and its customers for the Group's products.

*(ii) Support from clear procurement demand for large-scale projects*

As stated in the section headed “Annual Caps and the Basis of Determination” in the 2026–2028 Procurement Framework Agreement, the Group is actively preparing to participate in the bidding for various construction projects of Tianye Group, among which the tender process for the Large-scale Potential Project (as defined above) has commenced.

Based on the preliminary estimates of the Group, if the tender is secured and the Group undertakes the Large-scale Potential Project, the Group may supply products of up to approximately RMB596.00 million to Tianye Group for such project. Based on such estimates, together with other sales by the Group to Tianye Group in respect of other construction projects, for the three years ending 31 December 2028, the potential demand of Tianye Group for the products under the 2026–2028 Sales Framework Agreement may reach approximately RMB763.57 million; and

*(iii) Ensuring stability of supply and business continuity*

Based on the Group's overall future business planning and the potential growth of its sales business, this measure is intended to ensure a continuous and stable supply of the items for sale and to retain an appropriate buffer to cope with supply chain and demand fluctuation risks amid market rhythm fluctuations, adjustments to customer demand structures, and uneven implementation cycles of large-scale projects.

Based on the Group's future overall business planning and potential growth in its sales business, particularly taking into account the Large-scale Potential Project spanning from 2026 to 2028, this measure is intended to ensure the continuous and stable supply of the items for sale (as defined above), and to retain an appropriate buffer during fluctuations in sales

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rhythm, adjustments in customer demand structure, and expansion of sales channels, so as to mitigate the risks of sales channel interruption and customer demand fluctuation.

*(iv) Prudent exclusion of identified phased influencing factors*

The caps were prudently estimated based on the inelastic procurement demand of Tianye Group and its customer base. The low utilization rate of the caps under the Group's 2023–2025 Sales Framework Agreement was primarily due to the combined effect of multiple objective factors, including changes in industry policies, delays in project approval progress, the impact of the macro environment, and the optimization of the Company's business strategies. The relevant influencing factors are temporary and incidental in nature and are not expected to be persistent.

The calculation of the annual caps has excluded the impact of the owner-furnished materials arrangements and has taken into account that the approval progress of large-scale projects has gradually become clear, which are expected to be implemented successively between 2026 and 2028. As the impact of owner-furnished materials arrangements has become clear and the Group has completed its business model adjustments, the factors behind the delays in the approval of large-scale projects are also gradually being eliminated, and the optimization of the business structure has entered a stable period, laying a solid foundation for the sustainable realization of the core profit model.

### **3. REASONS FOR AND BENEFITS OF THE PROPOSED CONTINUING CONNECTED TRANSACTION AGREEMENTS**

#### **2026–2028 Project Construction Services Framework Agreement**

(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

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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**

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**

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.

## **4. INTERNAL CONTROL PROCEDURES**

To safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted the following internal control procedures to standardize and prescribe pricing policies, mechanism, terms of reference, and decision-making agencies so that the continuing connected transactions are conducted in accordance with their framework agreement and in strict compliance with the relevant pricing policies.

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With respect to the continuing connected transactions as contemplated under the Continuing Connected Transaction Agreements and the annual caps (non-exempt 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 closely monitor and record 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 regular inspections to review and assess whether the transactions contemplated under the Continuing Connected Transaction Agreements 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 with 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 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 transactions contemplated under the Continuing Connected Transaction Agreements are approved by the Board; (b) whether these transactions are in compliance with the pricing policies of the Group in all material aspects; (c) whether these transactions are entered into in accordance with the Continuing Connected Transaction Agreements; and (d) whether these transactions have exceeded the annual cap; and
- (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 of the Group; (b) on

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## LETTER FROM THE BOARD

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normal commercial or better terms; and (c) in accordance with the 2026–2028 Project Construction Services Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Where the aforesaid proposed annual caps are exceeded, or where the Continuing Connected Transaction Agreements are renewed or 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.

### **5. OPINIONS OF DIRECTORS ON THE CONTINUING CONNECTED TRANSACTIONS AND ABSTENTION FROM VOTING ON RESOLUTIONS BEFORE THE BOARD**

The Directors (excluding the independent non-executive Directors, who would provide their advice in the circular to be despatched to Shareholders after considering the advice of the Independent Financial Advisor) consider that the respective annual caps and the terms of the Continuing Connected Transaction Agreements are on normal commercial terms and in the ordinary and usual course of business, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Mr. Jiang Dayong (serving as an assistant to general manager at Tianye Group), Mr. Li Zheng (serving as a deputy director of the financial management centre of Tianye Group) and Mr. Wang Dongwei (serving as a director of the infrastructure management centre at Tianye Group), all being the Directors of the Company, had abstained from voting at the Board meeting approving the Continuing Connected Transaction Agreements, as they have a material interest therein. Save as disclosed above, no director has a material interest in the Continuing Connected Transaction Agreements.

### **6. INFORMATION ON THE PARTIES**

#### **The Company and its subsidiaries**

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.

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## LETTER FROM THE BOARD

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### **Tianye Group**

Tianye Group is mainly engaged in the manufacturing and sales of chlor-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.

### **7. LISTING RULES IMPLICATIONS**

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.

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As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each proposed annual caps 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.

### **8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board of the Company hereby announces that, based on the actual circumstances and operational development needs of the Company, it is proposed to make amendments to the existing Articles of Association of the Company in relation to the business scope of the Company and other contents (please refer to the comparison table of the amendments to the Articles of Association in Appendix II to this circular for details).

The English version of the proposed amendments to the Articles of Association is an unofficial translation of its Chinese version. In the event of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are subject to the approval of the Shareholders of the Company by way of a special resolution at the EGM of the Company.

The Board considers that the proposed amendments to the Articles of Association are in the interests of the Company and the Shareholders.

### **9. EGM AND ABSTENTION FROM VOTING AT EGM**

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise 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, and in the interests of the Company and its Shareholders as a whole.

The Company will hold an EGM to consider and approve, among others, the ordinary resolutions in respect of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps).

An Independent Financial Adviser has been appointed to advise 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, and in the interests of the Company and the Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors, as at the Latest Practicable Date, apart from Tianze Water Investment (as stated in Appendix I of this 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

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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.

### 10. EGM

The EGM will be held on Thursday, 30 April 2026 at 10:30 a.m. at the conference room of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC.

The notice for convening the EGM at which the resolutions mentioned above will be proposed is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM will be despatched on Friday, 10 April 2026, and published on the website of the Stock Exchange (<http://www.hkexnews.hk>). Whether or not you are able to attend the EGM in person, you are requested to complete and return the forms of proxy in accordance with the instructions printed thereon to the H share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM (i.e. 10:30 a.m. on Wednesday, 29 April 2026) or not less than 24 hours before the time appointed for the holding of any adjournment thereof or not less than 24 hours before the time appointed for taking the poll. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### 11. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for certain procedural or administrative matters to be decided by the chairman of the meeting, all votes of the Shareholders at the general meetings will be taken by poll. Accordingly, the chairman of the EGM will demand a poll for every resolution to be put to the vote at the EGM pursuant to the Articles of Association.

### 12. CLOSURE OF REGISTER OF MEMBERS

For the purpose of the EGM, the register of the members of the Company will be closed from Monday, 27 April 2026 to Thursday, 30 April 2026 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the forthcoming extraordinary general meeting of the Company, all instrument of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share registrar and the transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 4:30 p.m. on Friday, 24 April 2026.

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## LETTER FROM THE BOARD

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### 13. RECOMMENDATION

The Company has appointed INCU as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps). The text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 67 of this circular.

The Directors consider that the proposed resolutions as set out in the notice of EGM are all in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the notice of EGM in respect thereof.

### 14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully  
By order of the Board  
**Xinjiang Tianye Water Saving Irrigation System Company Limited\***  
**Zhou Gang**  
*Chairman*

\* *For identification purposes only*



新疆天业节水灌溉股份有限公司  
XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\*  
(a joint stock limited company incorporated in the People's Republic of China)  
(Stock Code: 00840)

10 April 2026

*To the Independent Shareholders*

Dear Sir or Madam,

**ADVICE ON THE CONTINUING CONNECTED  
TRANSACTION AGREEMENTS**

We have been appointed as members of the Independent Board Committee to give our advice on the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) included in the circular dated 10 April 2026 (the “**Circular**”), of which this letter forms a part. Terms used herein shall have the same meanings as those defined in the Circular and the letter from the Board unless the context otherwise requires.

INCU has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders on the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps). The letter from the Independent Financial Adviser is set out on pages 36 to 37 of the Circular.

\* For identification purposes only

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## LETTER FROM INDEPENDENT BOARD COMMITTEE

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Having considered the terms and conditions of the Continuing Connected Transaction Agreements, the reasons for and benefits of entering into the Continuing Connected Transaction Agreements, the advice given by the Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the opinion that the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps) are entered into in the ordinary and usual course of business of the Group and are on normal commercial terms or better terms. The Continuing Connected Transaction Agreements are in the interests of the Company and the Shareholders taken as a whole, and the terms and conditions of the continuing connected transactions are fair and reasonable so far as the Company and the Shareholders taken as a whole are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the annual caps).

Yours faithfully,  
Independent Board Committee

**Ms. Gu Li**  
*Independent non-executive  
Director*

**Mr. Hung Ee Tek**  
*Independent non-executive  
Director*

**Mr. He Xinlin**  
*Independent non-executive  
Director*

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## LETTER FROM INCU

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*The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps).*



INCUB Corporate Finance Limited  
Unit 1402, 14/F, Winsome House,  
73 Wyndham Street,  
Central, Hong Kong

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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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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

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## LETTER FROM INCU

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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

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## LETTER FROM INCU

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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;

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## LETTER FROM INCU

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- (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<br>(ii) Tianye Group (for itself and on behalf of its subsidiaries), as the purchaser. |

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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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

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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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:

	<b>For the year ending 31 December 2026 (RMB)</b>	<b>For the year ending 31 December 2027 (RMB)</b>	<b>For the year ending 31 December 2028 (RMB)</b>
Proposed annual caps	610,000,000	610,000,000	610,000,000

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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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:

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the nine months ended 30 September 2025</b>
	(audited)	(audited)	(unaudited)
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
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, H<sub>2</sub>/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;

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## LETTER FROM INCU

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- (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.

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- 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.

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- 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

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## LETTER FROM INCU

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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:

	<b>For the year ending 31 December 2026 (RMB)</b>	<b>For the year ending 31 December 2027 (RMB)</b>	<b>For the year ending 31 December 2028 (RMB)</b>
Proposed annual caps	250,000,000	250,000,000	250,000,000

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## LETTER FROM INCU

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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:

	<b>For the year ended 31 December 2023 (audited) (RMB)</b>	<b>For the year ended 31 December 2024 (audited) (RMB)</b>	<b>For the nine months ended 30 September 2025 (unaudited) (RMB)</b>
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

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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.

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## LETTER FROM INCU

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### 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.

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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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.

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**LETTER FROM INCU**

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**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:

	<b>For the year ending 31 December 2026 (RMB)</b>	<b>For the year ending 31 December 2027 (RMB)</b>	<b>For the year ending 31 December 2028 (RMB)</b>
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:

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

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## LETTER FROM INCU

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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.

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## LETTER FROM INCU

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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;

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## LETTER FROM INCU

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- (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*

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## LETTER FROM INCU

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*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.*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

### (A) Interests in the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had an interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3, as well as Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executives of the Company are taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules.

### (B) Other interests

As at the Latest Practicable Date, so far is known to the Directors,

- (i) none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up;
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and significant in relation to the business of the Group taken as a whole; and
- (iii) save as disclosed in this circular, none of the Directors and their respective associates had any interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules.

### 3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executives of the Company, no other person had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to Section 324 of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

#### (A) Domestic Shareholders

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executives of the Company are taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules are as follows:

Name	Capacity	Number of the Domestic Shares of the Company held (Note 1)	Approximate percentage of the total issued Domestic Shares of the Company	Approximate percentage of the total issued share capital of the Company (Note 2)
Xinjiang Tianze Water Conservancy Investment and Development Co., Ltd. (“Tianze Water Investment”)	Beneficial owner	313,886,921 (L)	98.98%	60.42%
Tianye Group	Interest in controlled corporation	313,886,921 (L) (Note 3)	98.98%	60.42%
Eighth Division SASAC	Interest in controlled corporation	313,886,921 (L) (Note 4)	98.98%	60.42%

*Notes:*

1. The letter “L” denotes the person’s/entity’s long position in the Shares.
2. The approximate percentage of shareholding is calculated with reference to the total issued Shares of 519,521,560 Shares (including Domestic Shares and H Shares).
3. Tianye Group holds 51% of the voting rights in Tianze Water Investment (Eighth Division SASAC holds 49% of the voting rights in Tianze Water Investment), and indirectly holds an equity interest in the Company through Tianze Water Investment.
4. Eighth Division SASAC directly holds 90% equity interest in Tianye Group; Tianye Group holds 51% of the voting rights in Tianze Water Investment (Eighth Division SASAC holds 49% of the voting rights in Tianze Water Investment), and in turn indirectly holds an equity interest in the Company through Tianze Water Investment.

**(B) H Shareholders**

<b>Name</b>	<b>Capacity</b>	<b>Number of H Shares of the Company held (Note 1)</b>	<b>Approximate percentage of the total issued H Shares of the Company</b>	<b>Approximate percentage of the total issued share capital of the Company (Note 2)</b>
Long Thrive Holdings Limited (“ <b>Long Thrive</b> ”) (Note 3)	Beneficial owner	14,407,000 (L)	7.12%	2.77%
Mr. Ding Wei (“ <b>Mr. Ding</b> ”) (Note 4)	Interest in controlled corporation	14,407,000 (L)	7.12%	2.77%
Ms. Wang Bing (“ <b>Ms. Wang</b> ”) (Note 5)	Interest of spouse	14,407,000 (L)	7.12%	2.77%

*Notes:*

1. The letter “L” denotes the person’s/entity’s long position in the Shares.
2. The approximate percentage of shareholding is calculated with reference to the total issued Shares of 519,521,560 shares (including Domestic Shares and H Shares).
3. The H Shares held by Long Thrive were equivalent to approximately 7.12% of the total H Shares in issue of the Company.
4. Long Thrive directly held 14,407,000 H Shares. Long Thrive is wholly-owned by Mr. Ding. By virtue of the SFO, Mr. Ding is deemed to be interested in the 14,407,000 H Shares held by Long Thrive.

5. Ms. Wang is the spouse of Mr. Ding. By virtue of the SFO, Ms. Wang is deemed to be interested in the 14,407,000 H Shares held by Long Thrive.

#### **4. COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates (as defined under the Listing Rules) had any interest in other business which competes or may compete, either directly or indirectly, with the business of the Group as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

#### **5. SERVICE CONTRACTS OF THE DIRECTORS**

As at the Latest Practicable Date, none of the Directors of the Company entered or proposed to enter into any service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

#### **6. LITIGATION**

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claim of material importance and, to the Directors' best knowledge, there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

#### **7. MATERIAL ADVERSE CHANGE**

Reference is made to the profit warning announcements of the Company dated 26 March 2025 and 26 March 2026, which disclosed that (i) the Group expects to record an estimated net loss ranging from RMB43,000,000 to RMB48,000,000 for the year ended 31 December 2024, as compared to an adjusted net loss of approximately RMB10,463,000 for the financial year ended 31 December 2023, where the expected net loss for the year ended 31 December 2024 was primarily due to the decrease in gross profit resulted from the reduced income upon review of the final accounts by landlords for some completed construction projects of the Group, and (ii) the Group expects to record an estimated net loss ranging from RMB50,000,000 to RMB60,000,000 for the year ended 31 December 2025, as compared to a net loss of approximately RMB44,799,000 for the financial year ended 31 December 2024, where the expected net loss for the year ended 31 December 2025 was primarily due to the Group's various impairment losses as well as the increase in administrative expenses and research and development expenses respectively.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

**8. EXPERT AND CONSENT**

The following is the qualification of the expert who has been named in this circular or has given opinion or advice contained in this circular:

INCU Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
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As at the Latest Practicable Date, INCU Corporate Finance Limited does not have any equity interest in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

INCU Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and references to its name in the form and context in which they are included.

The letter and recommendation given by INCU Corporate Finance Limited are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, INCU Corporate Finance Limited does not have or did not have any interest, direct or indirect, in any assets which have been, since 31 December 2024 (being the date to which the latest audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.xj-tianye.com](http://www.xj-tianye.com)) for a period of 14 days from the date of this circular:

- (a) the Continuing Connected Transaction Agreements;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out from pages 36 to 37 of this circular;
- (c) the letter from INCU to the Independent Board Committee and the Independent Shareholders, the text of which is set out from pages 38 to 67 of this circular;
- (d) the consent referred to in the paragraph headed “EXPERT AND CONSENT” of this Appendix.

Details of the proposed amendments to the Articles of Association are as below:

Before amendment	After amendment
<p>Article 1.03 Company Domicile: No.36, the North third road, Economic and Technological Development Zone, Shihezi City, Xinjiang</p> <p>Postal Code: 832000</p> <p>Telephone No.: (0993)-<del>2623101</del>, <del>2623106</del>, 2623183</p> <p>Fax No.: (0993)-<del>2623212</del></p>	<p>Article 1.03 Company Domicile: No.36, the North third road, Economic and Technological Development Zone, Shihezi City, Xinjiang</p> <p>Postal Code: 832000</p> <p>Telephone No.: (0993)-<del>2623101</del>, <del>2623106</del>, 2623183, <del>2623176</del></p> <p>Fax No.: (0993)-<del>2623212</del>-<del>2623183</del></p>
<p>Article 2.02 The shareholder of the ordinary share of the company could enjoy following rights: The business scope of the Company shall be in accordance with the items approved by the company registry.</p>	<p>Article 2.02 The shareholder of the ordinary share of the company could enjoy following rights: The business scope of the Company shall be in accordance with the items approved by the company registry.</p>

Before amendment	After amendment
<p>The scope of business of the company include: development, consulting, exchange, transfer and marketing services and trainings (excluding establishment of for-profit private schools and training institutions) of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; development and utilization of computer application software for water saving irrigation; <b>solar power generation technology services, leasing of photovoltaic electricity generation equipment, manufacturing of power generator and generator units</b>; production and sales of plastic products, PVC pipelines for water supply and drainage systems, PE pipelines and assemblies, pressure compensatory style drip tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminium, scrap paper and scrap plastic; recycling and processing of scrap and obsolete plastic; sales of filters, seeds, fertilizers, pesticides (other than restricted pesticides and hazardous chemicals), seedlings, electrical and mechanical products (other than compact size vehicles), chemical goods (other than dangerous chemical items and highly poisonous items) and agricultural machinery and fertilizers; professional grade C for irrigation and drainage in the water conservancy industry; class 1 construction contracting for agricultural water-saving irrigation projects (business operation of which is subject to the qualification certificates); import and export of cargos and technologies (excluding those that are prohibited by the government or require administrative approval); lease of machinery, equipment and property, and land use lease; information system integration services; development of and sales through e-commerce platforms; consultation, exploration, design and construction of water conservancy, municipal engineering and hydropower engineering; city pipeline construction activities; garden landscaping construction; plantation and sales of grains, oilseeds, cotton, fruits, vegetables, and forage grass (except those prohibited by the state); sale of food on internet (only sale of pre-packaged food); retail and wholesale of fresh fruit; road transportation of general cargo (the operation of which shall be subject to approval by the relevant authorities in case that such business requires approval).</p>	<p>The scope of business of the company include: development, consulting, exchange, transfer and marketing services and trainings (excluding establishment of for-profit private schools and training institutions) of high and new water saving irrigation technologies; interim testing and marketing of advanced water saving fittings; development and utilization of computer application software for water saving irrigation; <del>solar power generation technology services, leasing of photovoltaic electricity generation equipment, manufacturing of power generator and generator units</del>; production and sales of plastic products, PVC pipelines for water supply and drainage systems, PE pipelines and assemblies, pressure compensatory style drip tape, labyrinth-style drip tape, embedded-style drip tape, agriculture films and drippers; import of scrap copper, scrap steel, scrap aluminium, scrap paper and scrap plastic; recycling and processing of scrap and obsolete plastic; sales of filters, seeds, fertilizers, pesticides (other than restricted pesticides and hazardous chemicals), seedlings, electrical and mechanical products (other than compact size vehicles), chemical goods (other than dangerous chemical items and highly poisonous items) and agricultural machinery and fertilizers; <b>manufacturing of specialized machinery and equipment for water resources, production of fertilizers; sales of fertilizers</b>; professional grade C for irrigation and drainage in the water conservancy industry; class 1 construction contracting for agricultural water-saving irrigation projects (business operation of which is subject to the qualification certificates); import and export of cargos and technologies (excluding those that are prohibited by the government or require administrative approval); lease of machinery, equipment and property, and land use lease; information system integration services; development of and sales through e-commerce platforms; consultation, exploration, design and construction of water conservancy, municipal engineering and hydropower engineering; city pipeline construction activities; garden landscaping construction; plantation and sales of grains, oilseeds, cotton, fruits, vegetables, and forage grass (except those prohibited by the state); sale of food on internet (only sale of pre-packaged food); retail and wholesale of fresh fruit; road transportation of general cargo; <b>sale of daily necessities; sale of food additives; sale of agricultural and sideline products; acquisition of primary agricultural products; sale of beans and tubers; sale of grains; wholesale of fresh eggs; wholesale of fresh meat; production, sale, processing, transport, storage, and other related services of agricultural products; sale of food; primary processing of edible agricultural products</b> (the operation of which shall be subject to approval by the relevant authorities in case that such business requires approval).</p>

Before amendment	After amendment
<p>Article 3.06 When established, the Company issued 317,121,560 shares to the sponsors. Approved by the Examination and Approval Departments which are authorized by the state council, the Company may issue no more than 242.65 million ordinary shares (including excess allotment 31.65 million shares), accounting for about 43% of the total ordinary shares which the Company may issue.</p> <p>Before the establishment in Hong Kong, the capital structure of the Company is: total number of ordinary shares is 317,121,560. Xinjiang Tianye Co., Ltd. holds 202,164,995 shares, accounting for 63.75% of the total shares which the Company may issue. Shenzhen Litailai Invest Development, Co., Ltd. holds 93,994,831 shares, accounting for 29.64% of the total shares which the Company may issue. Guo Shuqing holds 9,386,798 shares, accounting for 2.96% of the total shares which the Company may issue. Wang Xiaoxian holds 8,340,297 shares, accounting for 2.63% of the total shares which the Company may issue. China Academy of Machinery Science and Technology Group Co., Ltd. holds 2,410,123 shares, accounting for 0.76% of the total shares which the Company may issue. Northwest A&amp;F University holds 824,516 shares, accounting for 0.26% of the total shares which the Company may issue.</p>	<p>Article 3.06 When established, the Company issued 317,121,560 shares to the sponsors. Approved by the Examination and Approval Departments which are authorized by the state council, the Company may issue no more than 242.65 million ordinary shares (including excess allotment 31.65 million shares), accounting for about 43% of the total ordinary shares which the Company may issue.</p> <p>Before the establishment in Hong Kong, the capital structure of the Company is: total number of ordinary shares is 317,121,560. Xinjiang Tianye Co., Ltd. holds 202,164,995 shares, accounting for 63.75% of the total shares which the Company may issue. Shenzhen Litailai Invest Development, Co., Ltd. holds 93,994,831 shares, accounting for 29.64% of the total shares which the Company may issue. Guo Shuqing holds 9,386,798 shares, accounting for 2.96% of the total shares which the Company may issue. Wang Xiaoxian holds 8,340,297 shares, accounting for 2.63% of the total shares which the Company may issue. China Academy of Machinery Science and Technology Group Co., Ltd. holds 2,410,123 shares, accounting for 0.76% of the total shares which the Company may issue. Northwest A&amp;F University holds 824,516 shares, accounting for 0.26% of the total shares which the Company may issue.</p>

Before amendment	After amendment
<p>After the establishment in Hong Kong, the capital structure of the Company is: total number of ordinary shares is 519,521,560; Xinjiang Tianye Co., Ltd. holds 202,164,995 shares, accounting for 38.91% of the total shares which the Company may issue. Shenzhen Litailai Invest Development, Co., Ltd. holds 93,994,831 shares, accounting for 18.09% of the total shares which the Company may issue. Guo Shuqing holds 9,386,798 shares, accounting for 1.81% of the total shares which the Company may issue. Wang Xiaoxian holds 8,340,297 shares, accounting for 1.61% of the total shares which the Company may issue. China Academy of Machinery Science and Technology Group Co., Ltd. holds 2,410,123 shares, accounting for 0.46% of the total shares which the Company may issue. Northwest A&amp;F University holds 824,516 shares, accounting for 0.16% of the total shares which the Company may issue. The shareholders of “H shares” (Shareholders of foreign investment shares listed outside the People’s Republic of China) hold 202,400,000 shares, accounting for 38.96% of the total shares which the Company may issue.</p> <p>On 3 March 2008, Shenzhen City Li Tai Lai Investment Development Company Limited transferred its 52,000,000 domestic shares to Guo Shu Qing and its 41,994,831 domestic shares to Wang Xiao Xian. After the transfers, the shareholding structure of the Company shall be: 519,521,560 ordinary shares, of which 202,164,995 shares held by Xinjiang Tianye Company Limited, representing 38.91% of the total issued shares capital of the Company; 61,386,798 shares held by Guo Shu Qing, representing 11.82% of the total issued shares capital of the Company; 50,335,128 shares held by Wang Xiao Xian, representing 9.69% of the total issued shares capital of the Company; 2,410,123 shares held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total issued shares capital of the Company; 824,516 shares held by Northwest Sci-Tech University of Agriculture and Forestry, representing 0.16% of the total issued shares capital of the Company; and 202,400,000 shares held by the shareholders of H Shares, representing 38.96% of the total issued shares capital of the Company.</p>	<p>After the establishment in Hong Kong, the capital structure of the Company is: total number of ordinary shares is 519,521,560; Xinjiang Tianye Co., Ltd. holds 202,164,995 shares, accounting for 38.91% of the total shares which the Company may issue. Shenzhen Litailai Invest Development, Co., Ltd. holds 93,994,831 shares, accounting for 18.09% of the total shares which the Company may issue. Guo Shuqing holds 9,386,798 shares, accounting for 1.81% of the total shares which the Company may issue. Wang Xiaoxian holds 8,340,297 shares, accounting for 1.61% of the total shares which the Company may issue. China Academy of Machinery Science and Technology Group Co., Ltd. holds 2,410,123 shares, accounting for 0.46% of the total shares which the Company may issue. Northwest A&amp;F University holds 824,516 shares, accounting for 0.16% of the total shares which the Company may issue. The shareholders of “H shares” (Shareholders of foreign investment shares listed outside the People’s Republic of China) hold 202,400,000 shares, accounting for 38.96% of the total shares which the Company may issue.</p> <p>On 3 March 2008, Shenzhen City Li Tai Lai Investment Development Company Limited transferred its 52,000,000 domestic shares to Guo Shu Qing and its 41,994,831 domestic shares to Wang Xiao Xian. After the transfers, the shareholding structure of the Company shall be: 519,521,560 ordinary shares, of which 202,164,995 shares held by Xinjiang Tianye Company Limited, representing 38.91% of the total issued shares capital of the Company; 61,386,798 shares held by Guo Shu Qing, representing 11.82% of the total issued shares capital of the Company; 50,335,128 shares held by Wang Xiao Xian, representing 9.69% of the total issued shares capital of the Company; 2,410,123 shares held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total issued shares capital of the Company; 824,516 shares held by Northwest Sci-Tech University of Agriculture and Forestry, representing 0.16% of the total issued shares capital of the Company; and 202,400,000 shares held by the shareholders of H Shares, representing 38.96% of the total issued shares capital of the Company.</p>

Before amendment	After amendment
<p>On 21 April 2011, Guo Shu Qing (郭書清) and Wang Xiao Xian (王孝先), the promoters, transferred all of their respective 61,386,798 shares and 50,335,128 shares to Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司). Upon the transfer, the share capital structure of the Company consists of a total of 519,521,560 ordinary shares, of which, 202,164,995 shares is held by Xinjiang Tianye Company Limited (新疆天業股份有限公司), representing 38.91% of the total share capital of the Company; 111,721,926 shares is held by Xinjiang Tianye (Group) Limited, representing 21.51% of the total share capital of the Company; 2,410,123 shares is held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total share capital of the Company; 824,516 shares is held by Northwest Sci-Tech University of Agriculture and Forestry (西北農林科技大學), representing 0.16% of the total share capital of the Company; 202,400,000 shares is held by shareholders of H Shares (overseas listing foreign shares), representing 38.96% of the total share capital of the Company.</p>	<p>On 21 April 2011, Guo Shu Qing (郭書清) and Wang Xiao Xian (王孝先), the promoters, transferred all of their respective 61,386,798 shares and 50,335,128 shares to Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司). Upon the transfer, the share capital structure of the Company consists of a total of 519,521,560 ordinary shares, of which, 202,164,995 shares is held by Xinjiang Tianye Company Limited (新疆天業股份有限公司), representing 38.91% of the total share capital of the Company; 111,721,926 shares is held by Xinjiang Tianye (Group) Limited, representing 21.51% of the total share capital of the Company; 2,410,123 shares is held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total share capital of the Company; 824,516 shares is held by Northwest Sci-Tech University of Agriculture and Forestry (西北農林科技大學), representing 0.16% of the total share capital of the Company; 202,400,000 shares is held by shareholders of H Shares (overseas listing foreign shares), representing 38.96% of the total share capital of the Company.</p>
<p>On 30 November 2020, Northwest Sci-Tech University of Agriculture and Forestry (西北農林科技大學), the promoter, transferred its 824,516 shares to Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司). Upon the transfer, the share capital structure of the Company consists of a total of 519,521,560 ordinary shares, of which, 202,164,995 shares is held by Xinjiang Tianye Company Limited (新疆天業股份有限公司), representing 38.91% of the total share capital of the Company; 111,721,926 shares is held by Xinjiang Tianye (Group) Limited, representing 21.51% of the total share capital of the Company; 2,410,123 shares is held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total share capital of the Company; 824,516 shares is held by Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司), representing 0.16% of the total share capital of the Company; 202,400,000 shares is held by shareholders of H Shares (overseas listing foreign shares), representing 38.96% of the total share capital of the Company.</p>	<p>On 30 November 2020, Northwest Sci-Tech University of Agriculture and Forestry (西北農林科技大學), the promoter, transferred its 824,516 shares to Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司). Upon the transfer, the share capital structure of the Company consists of a total of 519,521,560 ordinary shares, of which, 202,164,995 shares is held by Xinjiang Tianye Company Limited (新疆天業股份有限公司), representing 38.91% of the total share capital of the Company; 111,721,926 shares is held by Xinjiang Tianye (Group) Limited, representing 21.51% of the total share capital of the Company; 2,410,123 shares is held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total share capital of the Company; 824,516 shares is held by Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司), representing 0.16% of the total share capital of the Company; 202,400,000 shares is held by shareholders of H Shares (overseas listing foreign shares), representing 38.96% of the total share capital of the Company.</p>

Before amendment	After amendment
<p>On 7 March 2023, Xinjiang Tianye Company Limited (新疆天業股份有限公司), the promoter, transferred its 202,164,995 shares to Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司). Upon the transfer, the share capital structure of the Company consists of a total of 519,521,560 ordinary shares, of which, 313,886,921 shares is held by Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司), representing 60.42% of the total share capital of the Company; 2,410,123 shares is held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total share capital of the Company; 824,516 shares is held by Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司), representing 0.16% of the total share capital of the Company; 202,400,000 shares is held by shareholders of H Shares (overseas listing foreign shares), representing 38.96% of the total share capital of the Company.</p>	<p>On 7 March 2023, Xinjiang Tianye Company Limited (新疆天業股份有限公司), the promoter, transferred its 202,164,995 shares to Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司). Upon the transfer, the share capital structure of the Company consists of a total of 519,521,560 ordinary shares, of which, 313,886,921 shares is held by Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司), representing 60.42% of the total share capital of the Company; 2,410,123 shares is held by China Academy of Machinery Science and Technology Group Co., Ltd., representing 0.46% of the total share capital of the Company; 824,516 shares is held by Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司), representing 0.16% of the total share capital of the Company; 202,400,000 shares is held by shareholders of H Shares (overseas listing foreign shares), representing 38.96% of the total share capital of the Company.</p> <p><b>On 29 August 2025, Xinjiang Tianye (Group) Limited* (新疆天業(集團)有限公司) transferred its 313,886,921 to Xinjiang Tianze Water Conservancy Investment and Development Co., Ltd.* (新疆天澤水利投資發展有限公司). Following the equity transfer, the shareholding structure of the Company is: total number of ordinary shares is 519,521,560. Xinjiang Tianze Water Conservancy Investment and Development Co., Ltd.* (新疆天澤水利投資發展有限公司) holds 313,886,921 shares, representing 60.42% of the total issued shares capital of the Company; China Academy of Machinery Science and Technology Group Co., Ltd. holds 2,410,123 shares, representing 0.46% of the total issued shares capital of the Company; Shihezi State-owned Assets Management (Group) Co., Ltd. (石河子國有資產經營(集團)有限公司) holds 824,516 shares, representing 0.16% of the total issued shares capital of the Company; and the shareholders of H Shares (holders of overseas listing foreign shares) hold 202,400,000 shares, representing 38.96% of the total issued shares capital of the Company.</b></p>

Before amendment	After amendment
<p>Article 10.18 The nomination committee is established under the Board and comprises <b>five</b> Directors, of which over half of the members shall be independent non-executive Directors. The nomination committee has one chairman, which shall be assumed by the chairman of the Board or an independent non-executive Director. The term of the nomination committee shall align with the term of the Board. Upon expiry of the term, a member could be re-elected for reappointment. In case a member ceases to assume the position of Director of the Company during the term, he/she would automatically lose the eligibility as a member and the Board could fill up the number of members in accordance with the preceding clause.</p>	<p>Article 10.18 The nomination committee is established under the Board and comprises <del>five</del> <b>three</b> Directors, of which over half of the members shall be independent non-executive Directors. The nomination committee has one chairman, which shall be assumed by the chairman of the Board or an independent non-executive Director. The term of the nomination committee shall align with the term of the Board. Upon expiry of the term, a member could be re-elected for reappointment. In case a member ceases to assume the position of Director of the Company during the term, he/she would automatically lose the eligibility as a member and the Board could fill up the number of members in accordance with the preceding clause.</p>
<p>Article 10.20 The remuneration and appraisal committee is established under the Board and comprises <b>five</b> Directors, of which over half of the members shall be independent non-executive Directors. The remuneration and appraisal committee has one chairman, which shall be assumed by an independent non-executive Director. The term of the remuneration and appraisal committee shall align with the term of the Board. Upon expiry of the term, a member could be re-elected for reappointment. In case a member ceases to assume the position of Director of the Company during the term, he/she would automatically lose the eligibility as a member and the Board could fill up the number of members in accordance with the preceding clause.</p>	<p>Article 10.20 The remuneration and appraisal committee is established under the Board and comprises <del>five</del> <b>three</b> Directors, of which over half of the members shall be independent non-executive Directors. The remuneration and appraisal committee has one chairman, which shall be assumed by an independent non-executive Director. The term of the remuneration and appraisal committee shall align with the term of the Board. Upon expiry of the term, a member could be re-elected for reappointment. In case a member ceases to assume the position of Director of the Company during the term, he/she would automatically lose the eligibility as a member and the Board could fill up the number of members in accordance with the preceding clause.</p>

*Note:* Apart from the above table, if the serial numbering of the articles of the Articles of Association is changed due to the addition, deletion or re-arrangement of certain articles, the serial numbering of the articles of the Articles of Association as so amended shall be changed accordingly, including cross-references.

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## NOTICE OF EGM

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**新疆天业节水灌溉股份有限公司**  
**XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED\***

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 00840)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Xinjiang Tianye Water Saving Irrigation System Company Limited\* (the “**Company**”) will be held at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the People’s Republic of China (the “**PRC**”) on Thursday, 30 April 2026 at 10:30 a.m. for the following purposes and to pass the following resolutions:

Unless otherwise specified, terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 10 April 2026 (the “**Circular**”).

#### **ORDINARY RESOLUTIONS**

1. The 2026–2028 Project Construction Services Framework Agreement dated 16 February 2026 entered into between the Company and Tianye Group (for itself and on behalf of its subsidiaries) (a copy of which is produced to the EGM and marked “A” and initialled by the chairman of the EGM for identification purpose) and the non-exempt continuing connected transactions contemplated thereunder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) be and are hereby approved, confirmed and ratified; the annual caps for each of the three years ending 31 December 2028 (as defined in the Circular, which the notice of EGM forms part thereof, and a copy of which is produced to the EGM and marked “B” and initialled by the chairman of the EGM for identification purpose) be and are hereby approved; and any director of the Company be and is hereby authorized to, for and on behalf of the Company, execute all such other documents, instruments and agreements and

\* *For identification purposes only*

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## NOTICE OF EGM

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to do all such acts or things deemed by him/them to be necessary or expedient to implement and/or give effect to the 2026–2028 Project Construction Services Framework Agreement;

2. The 2026–2028 Purchase Framework Agreement dated 16 February 2026 entered into between the Company and Tianye Group (for itself and on behalf of its subsidiaries) (a copy of which is produced to the EGM and marked “C” and initialled by the chairman of the EGM for identification purpose) and the non-exempt continuing connected transactions contemplated thereunder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) be and are hereby approved, confirmed and ratified; the annual caps for each of the three years ending 31 December 2028 (as defined in the Circular) be and are hereby approved; and any director of the Company be and is hereby authorized to, for and on behalf of the Company, execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be necessary or expedient to implement and/or give effect to the 2026–2028 Purchase Framework Agreement;
3. The 2026–2028 Sales Framework Agreement dated 16 February 2026 entered into between the Company and Tianye Group (for itself and on behalf of its subsidiaries) (a copy of which is produced to the EGM and marked “D” and initialled by the chairman of the EGM for identification purpose) and the non-exempt continuing connected transactions contemplated thereunder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) be and are hereby approved, confirmed and ratified; the annual caps for each of the three years ending 31 December 2028 (as defined in the Circular) be and are hereby approved; and any director of the Company be and is hereby authorized to, for and on behalf of the Company, execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be necessary or expedient to implement and/or give effect to the 2026–2028 Sales Framework Agreement; and

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### SPECIAL RESOLUTION

4. The proposed amendments to the existing articles of association of the Company (details of which are set out in the Circular) be and are hereby approved; and any director of the Company be and is hereby authorized to, for and on behalf of the Company, handle the relevant filing and amendment procedures (if necessary) and other related matters arising from amendments to the articles of association of the Company.

By Order of the Board  
**Xinjiang Tianye Water Saving Irrigation System Company Limited\***  
**Zhou Gang**  
*Chairman*

Xinjiang, the PRC, 10 April 2026

#### Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint in written form for one or more than one proxy to attend and vote at the EGM on his behalf. A proxy need not be a member of the Company.
2. The form of proxy for the EGM is herewith enclosed. In order to be valid, the form of proxy, if such proxy form is signed by a person under a power of attorney or authority on behalf of the appointer, a notarially certified power of attorney (if any) or other authority (if any) under which it is signed, must be deposited at the Company's H Share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for the holders of H Shares only) or the registered office of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.
3. Shareholders or their proxies shall present proofs of identities when attending the EGM.

\* *For identification purposes only*

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## NOTICE OF EGM

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4. The register of the members of the Company will be closed from Monday, 27 April 2026 to Thursday, 30 April 2026 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the EGM of the Company, all instrument of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 4:30 p.m. on Friday, 24 April 2026.
5. Shareholders who intend to attend the EGM should complete and return the enclosed reply slip for attendance to the H Share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for the holders of H Shares only) or the registered office of the Company at No. 36, Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi, Xinjiang, the PRC (for the holders of Domestic Shares only), by hand, by post or by fax (the fax number of the Company's H Share registrar and transfer office: (852) 28611465 (for the holders of H Shares only) or the fax number of the Company (86993) 2623183 (for the holders of Domestic Shares only)) on or before 4:30 p.m. on Friday, 17 April 2026.
6. Voting of the resolutions as set out in this notice will be by poll in accordance with the requirements under the Listing Rules.
7. The EGM is expected to last for less than half day. The Shareholders and proxies attending the EGM shall be responsible for their own travelling and accommodation expenses.
8. The Company's registered address is:

No. 36, Bei San Dong Road, Shihezi Economic and Technology Development Zone, Shihezi, Xinjiang, the PRC

*As at the date of this notice, the Board comprises four executive Directors, namely Mr. Zhou Gang (Chairman), Mr. Jiang Dayong, Mr. Wang Dongwei and Mr. Li Zheng, and three independent non-executive Directors, namely Ms. Gu Li, Mr. Hung Ee Tek and Mr. He Xinlin.*