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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<sup>\*</sup>**

*(a joint stock limited company incorporated in the People's Republic of China)*  
**(Stock Code: 00840)**

**CONTINUING CONNECTED TRANSACTIONS:**

- (1) 2026–2028 PROJECT CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**
- (2) 2026–2028 PURCHASE FRAMEWORK AGREEMENT**
- (3) 2026–2028 SALES FRAMEWORK AGREEMENT**

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

  
**INCU Corporate Finance Limited**

**INTRODUCTION**

Reference is made to the circular of the Company dated 25 October 2023 in relation to, among other things, (1) the 2023–2025 Project Construction Services Framework Agreement; (2) the 2023–2025 Sales Framework Agreement; and (3) the 2023–2025 Purchase Framework Agreement.

As the above framework agreements expired on 31 December 2025, the Company entered into (1) the 2026–2028 Project Construction Services Framework Agreement; (2) the 2026–2028 Purchase Framework Agreement; and (3) the 2026–2028 Sales Framework Agreement with Tianye Group on 16 February 2026.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 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 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.

## **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 date of this announcement, apart from Tianze Water Investment and its associate(s), 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.

## INTRODUCTION

Reference is made to the circular of the Company dated 25 October 2023 in relation to, among other things, (1) the 2023–2025 Project Construction Services Framework Agreement; (2) the 2023–2025 Sales Framework Agreement; and (3) the 2023–2025 Purchase Framework Agreement.

As the above framework agreements expired on 31 December 2025, the Company entered into (1) the 2026–2028 Project Construction Services Framework Agreement; (2) the 2026–2028 Purchase Framework Agreement; and (3) the 2026–2028 Sales Framework Agreement with Tianye Group on 16 February 2026.

### 1. 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.

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 (including but not limited to, the relevant government authorities and the Stock Exchange); 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 2026–2028 Project Construction Services Framework Agreement to the Stock Exchange, publishing announcements, and obtaining the approval of Independent Shareholders.

Term : From 1 January 2026 to 31 December 2028.

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

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

Where the government-regulated prices are applicable to products, technologies, or services of any specific type (at any time), supply/provision of such products, technologies, or services shall be based on the applicable government-regulated prices. Where government-guided pricing standards are available, the relevant prices shall refer to government-guided pricing agreements. In accordance with the requirements under the national standard GB50500–2013 “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

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

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 arms' 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 date of this announcement, 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 become 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:

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

### ***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:

	<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>
Annual caps	610,000,000	610,000,000	610,000,000

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.

## 2. 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.

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 (including, but not limited to, the relevant government authorities and the Stock Exchange); 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 2026–2028 Purchase Framework Agreement to the Stock Exchange, publishing announcements, and obtaining the approval of Independent Shareholders.

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 date of this announcement, to the best of the knowledge of the Directors, there is no government pricing policy in place which is applicable to PVC resins.

#### ***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.

### ***Historical caps and transaction amount***

The following table summarizes the annual caps and the relevant historical transaction amount 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:

	<b>For the year ended 31 December 2023</b>  (Audited historical transaction amount)  (RMB)	<b>For the year ended 31 December 2024</b>  (Audited historical transaction amount)  (RMB)	<b>For the nine months ended 30 September 2025</b>  (Unaudited historical transaction amount)  (RMB)
Annual caps	250,000,000	250,000,000	250,000,000
Historical transaction amount	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
- (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:

	<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>
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 with reference to, among other things, the following:

- (i) government support policies and the anticipated increase in Tianye Group's customer base, estimating the Group's customer demand for PVC pipes and the expected market price trend;
- (ii) the Group's current annual PVC pipe production capacity, as the Company has no plans to expand its PVC pipe production capacity between 2026 and 2028;
- (iii) the direct correlation between PVC pipe production and PVC resin demand, i.e., the usage of PVC resin will increase with the increase in PVC pipe production capacity;
- (iv) the Group's sourcing of all PVC resin from Tianye Group in the past three years; and
- (v) based on the Group's future overall operation planning and potential purchase demand for raw materials and supporting services, to ensure a continuous and stable supply of the purchased goods (as defined above), and provide appropriate headroom to ensure business continuity amidst market price

fluctuations, uneven supply cycles, and potential volatility in delivery arrangements by upstream suppliers, thereby mitigating the risk of supply chain disruptions.

### **3. 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 (including, but not limited to, the relevant government authorities and the Stock Exchange); 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 2026–2028 Sales Framework Agreement to the Stock Exchange, publishing announcements, and obtaining the approval of Independent Shareholders.

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 date of this announcement, 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).

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.

#### ***Historical caps and transaction amount***

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

	<b>For the year ended 31 December 2023 (Audited historical transaction amount) (RMB)</b>	<b>For the year ended 31 December 2024 (Audited historical transaction amount) (RMB)</b>	<b>For the nine months ended 30 September 2025 (Unaudited historical transaction amount) (RMB)</b>
Annual caps	250,000,000	250,000,000	250,000,000
Historical transaction amount	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.

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:

	<b>For the year ending 31 December 2026</b> ( <i>RMB</i> )	<b>For the year ending 31 December 2027</b> ( <i>RMB</i> )	<b>For the year ending 31 December 2028</b> ( <i>RMB</i> )
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 with reference to, among other things, the following:

- (i) the estimated growth in the demand of Tianye Group and its customers;
- (ii) the expansion of the customer base of Tianye Group; and

(iii) based on the Group's future overall operation planning and the potential growth space in its sales business, to ensure the continuous and stable supply of the items for sale (as defined above), and provide appropriate headroom to accommodate fluctuations in sales rhythm, adjustments in customer demand structures, and the expansion of sales channels, thereby mitigating the risks of sales channel disruption and volatility in customer demand.

#### **4. 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 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.

## **5. 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.

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 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.

## **6. 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.

## **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 date of this announcement, 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.

## **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 date of this announcement, 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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 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 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.

## **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 date of this announcement, apart from Tianze Water Investment and its associate(s), 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.

## **GENERAL**

A circular containing, among other things, (i) further details of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps); (ii) the recommendation from the Independent Board Committee; (iii) the advice from the Independent Financial Adviser in relation to the terms of the Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps); (iv) a notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 12 March 2026 and published on the websites of the Stock Exchange and the Company.

## DEFINITION

“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;

“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;
“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 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 2026–2028 Project Construction Services Framework Agreement, the 2026–2028 Purchase Framework Agreement, the 2026–2028 Sales Framework Agreement and the transactions contemplated thereunder;

“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 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;
“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 appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated and the proposed annual caps under the 2026–2028 Project Construction Services Framework Agreement, the 2026–2028 Purchase Framework Agreement and the 2026–2028 Sales Framework Agreement respectively;
“Independent Shareholders”	Shareholders other than Tianze Water Investment and its associates;
“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 announcement, 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);

“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.

By order of the Board

**Xinjiang Tianye Water Saving Irrigation System Company Limited\***

**Zhou Gang**  
*Chairman*

Hong Kong, 16 February 2026

*As at the date of this announcement, 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.*

\* For identification purpose only