OVERVIEW

Upon [**REDACTED**], transaction(s) between members of our Group and our connected person(s) will constitute connected transaction(s) of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSON

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

Connected Person	**Relationship**
Mr. Chen and Ms. Jiang	Each of Mr. Chen and Ms. Jiang will remain as our Controlling Shareholder upon [**REDACTED**], therefore a connected person of our Company.
9426-6111 Quebec Inc. ("**Moov Sales Agency**")	A company incorporated in Canada (trading in the name of Moov Sales Agency). As at the Latest Practicable Date, the issued share capital of Moov Sales Agency was held as to (i) 16.67% by Mr. Frederic Lachance, a director of Moov Pool Products Inc., our United States-based subsidiary, and (ii) 56.67% by Fiducie Familiale Richard Lachance 2022, a family trust of which the beneficiaries include Mr. Richard Lachance, his spouse and their children, including Mr. Frederic Lachance. It is a discretionary trust under which the trustee(s) have full discretion to determine the beneficiaries and distribution proportions, and may distribute none or all of the trust property to a single beneficiary. Mr. Richard Lachance is also one of the trustees. Accordingly, Moov Sales Agency is a connected person at the subsidiary level pursuant to the Listing Rules.

ONE-OFF CONNECTED TRANSACTION

Property Leasing

During the Track Record Period, our Company entered into two tenancy agreements with Mr. Chen and Ms. Jiang (collectively, the "**Property Lease Agreements**"), pursuant to which the leased properties are used as our Group's office premises: (i) the first agreement dated March 1, 2025, for a fixed term from March 1, 2025, to April 30, 2029; and (ii) the second agreement dated January 1, 2026 for a fixed term from January 1, 2026, to December 31, 2027. Any renewal of the Property Lease Agreements shall be on such terms as the parties may mutually agree and shall be subject to strict compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The rent for the Property Lease Agreements was determined by the parties on an arm's length basis following negotiations with reference to the prevailing market rental rates as well as the location, quality and size of the relevant properties. Such agreements were entered into in the ordinary and usual course of our business on normal commercial terms, or better.

The value of the right of use assets from leasing which includes the present value of the lease payments recognized by our Company with respect to the Property Lease Agreements according to IFRS 16 as at December 31, 2025 amounted to approximately RMB3.14 million.

In accordance with IFRS 16 "Leases", our Group recognized a right-of-use asset on its balance sheet in connection with the lease of the properties from Mr. Chen and Ms. Jiang. Therefore, the lease of the properties from Mr. Chen and Ms. Jiang under the Property Lease Agreements were regarded as acquisitions of a capital asset and an one-off connected transaction of the Company for the purposes of the Listing Rules. The Property Lease Agreements have been duly executed and in force, and the Group has recognized a right-of-use asset under the Property Lease Agreements on its balance sheet. Accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

Procurement of Products Agreement

Parties

(1) Fairland Group Limited; and

(2) 9426-6111 Quebec Inc. (trading in the name of Moov Sales Agency)

Principal terms

On [●], 2026, Fairland Group Limited (the "**Fairland HK**"), one of our wholly owned subsidiary incorporated in Hong Kong, entered into an framework agreement (the "**Procurement of Products Agreement**") with Moov Sales Agency, pursuant to which Moov Sales Agency may from time to time purchase our Group's products including but not limited to heat pumps and underwater robots. The Procurement of Products Agreement will be valid for a term commencing from the date of [**REDACTED**] and expiring on December 31, 2028 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

Relevant subsidiaries of both parties will enter into separate agreements which will set out the specific terms and conditions according to the principles and conditions provided in the Procurement of Products Agreement.

Pricing Basis

The pricing of such products is to be determined by Fairland HK and Moov Sales Agency on normal commercial terms, negotiated on arm's length basis, subject to applicable laws and regulations and with reference to, among others, the following factors: (i) the historical fees of such products, the nature of the products, the frequency for purchasing such products (ii) the prevailing market prices for heat pumps and underwater robots of equivalent quality, specification, and origin; (iii) competitive quotations obtained from other independent customers for comparable products; and (iv) production cost and quality of the heat pumps and underwater robots being transacted. The pricing terms under the Procurement of Products Agreement will be no less favorable to our Group than terms available to independent third parties (if applicable), and the fees are in line with market rates and in the best interests of our Company and our Shareholders as a whole.

Reasons for the transaction

Our business covers the research, development, production and sale of heat pumps and underwater robots, which are core products of our Group. We therefore conduct sales transactions with Moov Sales Agency in the ordinary and usual course of business, under which we supply the aforesaid core products to Moov Sales Agency. Further, Fairland HK has established a sound strategic business relationship and a solid foundation of mutual trust with Moov Sales Agency through prior business cooperation. Taking into consideration our previous sales experience with Moov Sales Agency, we believe that such transactions can leverage the complementary resource advantages between Fairland HK and Moov Sales Agency, which helps broaden our sales channels, increase our sales volume and thereby enhance the overall financial performance of our Group.

Historical transaction amounts and annual caps

For each of the years ended December 31, 2023, 2024 and 2025, the total revenue arising from the transactions between our Group and Moov Sales Agency were approximately RMB25.07 million, RMB39.65 million and RMB37.48 million, respectively.

Our Directors estimated that the annual transaction amount payable by our Group to Moov Sales Agency under the Procurement of Products Agreement for each of the years ending December 31, 2026, 2027 and 2028 will not exceed RMB100.0 million. In determining such annual caps, our Directors have considered the following factors: (i) the historical amounts and trends of the transactions between our Group and Moov Sales Agency during the Track Record Period; (ii) the current market environment; and (iii) our projected sales of heat pumps and underwater robots to Moov Sales Agency in 2026, 2027 and 2028, based on the sales volume of orders already fulfilled in 2026 to date.

Implication under the Listing Rules

Pursuant to Rule 14A.101 of the Listing Rules, as the transactions only involve connected person at the subsidiary level, the Procurement of Products Agreement would be subject to the reporting, annual review and announcement requirements, but exempt from circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant agreement(s) for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to or from independent third parties, and are carried out under normal commercial terms, we will adopt the following internal control procedures:

(i) we have adopted and implemented a management system on connected transactions, and our Board and our various internal departments will be responsible for the control and daily management in respect of the continuing connected transactions;

(ii) our various internal departments will be jointly responsible for evaluating the terms under the framework agreement for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;

(iii) our various internal departments will regularly monitor the fulfillment status of the annual caps and the transaction updates under the framework agreement; and

(iv) our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the framework agreement, on normal commercial terms and in accordance with the relevant pricing policies.

WAIVER GRANTED BY THE STOCK EXCHANGE

The Directors, including the independent non-executive Directors, consider that disclosure and approval of the partially exempt continuing connected transactions described above in full compliance with the Listing Rules would be impracticable and, in particular, would add unnecessary administrative costs to our Company. In addition, the Directors, including the independent non-executive Directors, believe that it is in the interest of our Company to continue these transactions with its connected persons described above after the [**REDACTED**].

Given that the continuing connected transactions as described above under the Procurement of Products Agreement are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement requirement will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. As a result, pursuant to Rule 14A.105 and Rule 14A.101 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement under Rule 14A.35 (in respect of the partially exempt continuing connected transactions), subject to the condition that the annual transaction values shall not exceed their respective estimated annual caps (as stated above) and we are required to comply with the relevant requirements under Chapter 14A of the Listing Rules in relation to continuing connected transactions.

In addition, the Directors confirm that our Company will comply with the applicable requirements under Chapter 14A of the Listing Rules and will immediately inform the Stock Exchange if any of the proposed annual caps set out above are exceeded, or when there is a material change in the terms of the transactions. Save for the continuing connected transactions for which a waiver [has been granted], the Directors confirm that our Company will comply with the applicable requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors and auditors of the Company will review whether the above transactions under the continuing connected transactions are entered into in accordance with the major terms and pricing policy of the relevant agreements. The confirmation letters of the independent non-executive Directors and auditors will be disclosed on an annual basis according to the requirements under the Listing Rules.

DIRECTORS' CONFIRMATION

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

THE SOLE SPONSOR'S CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Company in relation to the above partially exempt continuing connected transactions; and (ii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Sole Sponsor is of the view that the aforesaid partially exempt continuing connected transactions, for which a waiver has been sought, has been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of the partially exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.