OVERVIEW

Upon **[REDACTED]**, certain transactions as set out below between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

OUR CONNECTED PERSONS

We have entered into transactions in the ordinary and normal course of our business with the following entities, which will constitute continuing connected transactions (as defined under Chapter 14A of the Hong Kong Listing Rules) upon **[REDACTED]**:

Name of Connected Person	Connected Relationship
Leo Holdings	Leo Holdings is a company controlled by Mr. Wang Xiangrong and Mr. Wang Zhuangli, our Single Largest Shareholder Group.

CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Procurement of products from Leo Holdings

Principal terms

On [•] 2026, our Company (for itself and on behalf of its subsidiaries) entered into a framework agreement (the "**Leo Holdings Procurement Framework Agreement**") with Leo Holdings (for itself and on behalf of its subsidiaries), pursuant to which Leo Holdings and/or its subsidiaries ("**the Leo Holdings Group**") may sell sewage lifting equipment, water supply equipment and water purifying equipment (collectively, the "**Equipment**") to our Company and/or our subsidiaries. The initial term of the Leo Holdings Procurement Framework Agreement shall commence on the **[REDACTED]** and end upon the last day of the third financial year following the **[REDACTED]** (including the financial year in which the **[REDACTED]** falls), subject to renewal by mutual consent of the parties three months prior to expiry, provided that such renewal complies with the Hong Kong Listing Rules.

Subject to the terms of the Leo Holdings Procurement Framework Agreement, our Group will enter into separate agreements with the Leo Holdings Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Leo Holdings Procurement Framework Agreement.

Reasons for the transactions

Historically, our Group had procured a range of Equipment, including sewage lifting equipment, water supply equipment and water purifying equipment from the Leo Holdings Group to meet our business and operational needs. We also procured the Equipment from the Leo Holdings Group and sold the Equipment to our customers.

Given (i) our historical business relationship and prior experience with the Leo Holdings Group, and (ii) the stability and quality of the Equipment provided by the Leo Holdings Group, we believe it is in our Group's best interest to maintain a stable business relationship with the Leo Holdings Group. Continuing to procure products and services from the Leo Holdings Group will facilitate our current and future business operations development.

Pricing policy

The transaction amounts payable by our Group under the Leo Holdings Procurement Framework Agreement shall be in line with normal commercial terms and determined on arms' length basis with reference to the prevailing market price of relevant services and products offered to or by independent third parties, which shall not be less favorable than those for transactions between our Group and independent third parties or other counterparties under the same conditions.

Historical amounts

The historical transaction amounts paid by our Group to Leo Holdings Group (for the procurement of products and services from Leo Holdings Group) for the years ended December 31 2023, 2024 and 2025 were RMB38.4 million, RMB38.6 million and RMB40.9 million, respectively.

Annual cap

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by our Group to Leo Holdings under the Leo Holdings Procurement Framework Agreement:

	For the year ending 31 December		
	2026	**2027**	**2028**
		(RMB in million)	
Annual cap for the amount payable by our Group to the Leo Holdings Group (for the procurement of products and services from the Leo Holdings Group contemplated under the Leo Holdings Procurement Framework Agreement)	60.0	66.0	75.0

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions contemplated under the relevant procurement by our Group to the Leo Holdings Group during the Track Record Period;

(ii) the expected demand of our Group for the Equipment provided by the Leo Holdings Group due to the plan for business expansion, the potential demand of our customers; and

(iii) other factors including but not limited to the expected market prices of such products and their expected market trend.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the annual caps for the transactions contemplated under the Leo Holdings Procurement Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder constitute continuing connected transactions for our Company which will, upon the **[REDACTED]**, be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Provision of products and services to Leo Holdings

Principal terms

On [•] 2026, our Company (for itself and on behalf of its subsidiaries) entered into a framework agreement (the "**Leo Holdings Sales Framework Agreement**") with Leo Holdings (for itself and on behalf of its subsidiaries), pursuant to which our Group may sell pumps and related accessories and provide sales services for the Equipment manufactured by the Leo Holdings Group and factory rental and utility services to the Leo Holdings Group. The initial term of the Leo Holdings Sales Framework Agreement shall commence on the **[REDACTED]** and end upon the last day of the third financial year following the **[REDACTED]** (including the financial year in which the **[REDACTED]** falls), subject to renewal by mutual consent of the parties three months prior to expiry, provided that such renewal complies with the Hong Kong Listing Rules.

Subject to the terms of the Leo Holdings Sales Framework Agreement, our Group will enter into separate agreements with the Leo Holdings Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Leo Holdings Sales Framework Agreement.

Reasons for the transactions

During the Track Record Period, the Leo Holdings Group procured pumps and related accessories, factory rental and utility services from our Group. The Leo Holdings Group used our pumps and related accessories in the manufacture of sewage lifting equipment, water supply equipment and water purifying equipment. In addition, our Group provided sales services for the Equipment manufactured by the Leo Holdings Group. We promoted the Equipment to our customers in conjunction with the sale of our own products, for which we charged the Leo Holdings Group service fees based on a certain percentage of the sale price of the Equipment. We also provided factory rental and utility services.

Given (i) our historical business relationship and prior experience with the Leo Holdings Group, and (ii) that our Group is a major player in the provision of pumps and related accessories, our Group is capable of effectively meeting demand from the Leo Holdings Group for pumps and related accessories, sales services, factory rental and utility services, we believe it is in our best interest to maintain a stable business relationship with the Leo Holdings Group.

Pricing policy

The transaction amounts payable by the Leo Holdings Group under the Leo Holdings Sales Framework Agreement shall be in line with normal commercial terms and determined on arms' length basis with reference to the prevailing market prices and rates of relevant services and products offered to or by independent third parties, which shall not be less favorable than those for transactions between our Group and independent third parties or other counterparties under the same conditions.

Historical amounts

The historical transaction amounts paid by the Leo Holdings Group to our Group (for the provision of products and services to Leo Holdings Group) for the years ended December 31 2023, 2024 and 2025 were RMB14.4 million, RMB15.6 million and RMB13.4 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be received by our Group from Leo Holdings Group under the Leo Holdings Sales Framework Agreement:

	For the year ending 31 December		
	2026	**2027**	**2028**
		(RMB in million)	
Annual cap for the amount payable by the Leo Holdings Group to our Group (for the provision of products and services to Leo Holdings Group contemplated under the Leo Holdings Sales Framework Agreement)	25.0	30.0	40.0

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions contemplated under the relevant sales and provisions of services by our Group to the Leo Holdings Group during the Track Record Period;

(ii) the expected demand of the Leo Holdings Group for such products and services in light of its plan for business expansion, the potential demand of our customers; and

(iii) other factors including but not limited to the expected market price and rates of such products and services and their expected market trend.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the annual caps for the transactions contemplated under the Leo Holdings Sales Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder constitute continuing connected transactions for our Company which will, upon the **[REDACTED]**, be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described in the subsection headed "Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Circular and Independent Shareholders' Approval Requirements" in this section constitutes our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements of the Listing Rules.

In respect of such continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of such continuing connected transactions, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

Apart from the above waivers sought on the strict compliance of the announcement requirement, we will comply with the relevant requirements under Chapter 14A of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transaction referred to in this document, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

DIRECTORS' CONFIRMATION

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions set out above have been and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of such continuing connected transactions are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' CONFIRMATION

Based on (i) the relevant documents and information provided by our Company in relation to the aforesaid non-exempt continuing connected transactions, and (ii) the confirmation from our Directors disclosed above, the Joint Sponsors are of the view (i) that the continuing connected transactions described above have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.