THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Global Bio-chem Technology Group Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

(I) CONTINUING CONNECTED TRANSACTIONS 2026 MASTER SUPPLY AGREEMENT FOR THE PROCUREMENT OF CORN KERNELS AND 2026 MASTER SALES AGREEMENT FOR THE SALE OF CORN STARCH AND OTHER CORN REFINED PRODUCTS; AND (II) NOTICE OF EGM

Independent Financial Adviser to
Independent Board Committee and Independent Shareholders

金融有限公司
OCTAL Capital Limited

A notice convening the EGM to be held at Conference Room 3, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Tuesday, 15 December 2026 is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch 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 possible and in any event not less than 48 hours before the time of the EGM (i.e. at or before 10:30 a.m. on Sunday, 13 December 2026) or any adjournment or postponement thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment or postponement thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked. For the avoidance of doubt, holder(s) of Treasury Share(s) of the Company shall not vote at the EGM. All times and dates specified herein refer to Hong Kong local times and dates.

No refreshments or drinks will be served at the EGM.

24 November 2026

** for identification purposes only*

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Notice of EGM EGM-1

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

"associate(s)"	have the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	Global Bio-chem Technology Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00809)
"Corn Starch and Other Corn Refined Products"	corn starch and other corn refined products, including but not limited to corn starch, corn gluten meal, corn oil, corn germ meal, corn-based sweeteners, amino acids and enzyme preparations
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held at Conference Room 3, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Tuesday, 15 December 2026, the notice of which is set out on pages EGM-1 to EGM-3 of this circular, and any adjournment thereof, for the purpose of considering and, if thought fit, approving the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective annual caps
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Independent Board Committee"	the independent board committee of the Board comprising Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu, being the independent non-executive Directors appointed by the Board for the purpose of advising the Independent Shareholders in relation to the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective annual caps

"IFA" or "Octal Capital"	Octal Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Board and approved by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective annual caps
"Independent Shareholders"	Shareholders other than Modern Agricultural and its associates, and all other Shareholders interested in the 2026 Master Supply Agreement, the 2026 Master Sales Agreement and/or the respective continuing connected transactions contemplated thereunder
"Jilin DOF"	Jilin Province Department of Finance, a PRC Governmental Body holding 10.0% interests in Nongfa
"Jilin SASAC"	吉林省人民政府國有資產監督管理委員會 (The State-owned Assets Supervision and Administration Commission of Jilin Provincial People's Government), a PRC Governmental Body holding 90.0% interests in Nongfa
"Latest Practicable Date"	19 November 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Modern Agricultural"	Modern Agricultural Industry Investment Limited, a company incorporated in the British Virgin Islands which is the controlling shareholder of the Company holding approximately 49.49% of the entire issued share capital of the Company (excluding 4,456,000 Treasury Shares) as at the Latest Practicable Date
"MT"	metric tonnes
"Nongfa"	吉林省農業發展集團有限公司 (Jilin Agricultural Development Group Co., Ltd.*), a company established in the PRC which is controlled by Jilin SASAC
"Nongfa Group"	Nongfa and its subsidiaries from time to time
"PRC" or "China"	the People's Republic of China
"PRC Governmental Body/(ies)"	has the meaning ascribed to it under the Listing Rules

"PRC LLP"	吉林省現代農業產業投資基金 (有限合夥) (Jilin Province Modern Agricultural Industry Investment Fund (LLP)*), which is an agricultural fund established in the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$1.00 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 24 December 2025 and entered into between the Company and Nongfa in relation to the amendments to the 2023 Master Supply Agreement
"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"2023 Master Supply Agreement"	the agreement dated 1 November 2023 (as supplemented by the Supplemental Agreement) and entered into between the Company (for itself and on behalf of its subsidiaries from time to time) and Nongfa (for itself and on behalf of its subsidiaries from time to time) in relation to the supply of corn kernels by the Nongfa Group to the Group
"2026 Master Sales Agreement"	the agreement dated 20 October 2026 and entered into between the Company (for itself and on behalf of its subsidiaries from time to time) and Nongfa (for itself and on behalf of its subsidiaries from time to time) in relation to the supply of Corn Starch and Other Corn Refined Products by the Group to the Nongfa Group
"2026 Master Supply Agreement"	the agreement dated 20 October 2026 and entered into between the Company (for itself and on behalf of its subsidiaries from time to time) and Nongfa (for itself and on behalf of its subsidiaries from time to time) in relation to the supply of corn kernels by the Nongfa Group to the Group
"%"	per cent.

GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED
大成生化科技集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

Executive Directors:
Mr. Xiao Zexian *(Chairman)*
Mr. Sha Yufeng

Non-executive Director:
Mr. Li Yuewen

Independent non-executive Directors:
Ms. Jiang Fangfang
Mr. Tan Chao
Ms. Xie Liangqiu

Registered office:
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Head office and principal place of business in Hong Kong:
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Hung Hom
Kowloon
Hong Kong

24 November 2026

To the Shareholders

Dear Sir or Madam,

(I) CONTINUING CONNECTED TRANSACTIONS 2026 MASTER SUPPLY AGREEMENT FOR THE PROCUREMENT OF CORN KERNELS AND 2026 MASTER SALES AGREEMENT FOR THE SALE OF CORN STARCH AND OTHER CORN REFINED PRODUCTS; AND (II) NOTICE OF EGM

1. INTRODUCTION

As announced by the Company on 20 October 2026, the Company and Nongfa entered into (i) the 2026 Master Supply Agreement; and (ii) the 2026 Master Sales Agreement, both of which will constitute continuing connected transactions of the Company.

** for identification purposes only*

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM to approve the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective annual caps.

2. 2026 MASTER SUPPLY AGREEMENT

(A) Principal terms

Date:	20 October 2026
Parties:	(1) the Company (for itself and on behalf of its subsidiaries from time to time) as purchaser (2) Nongfa (for itself and on behalf of its subsidiaries from time to time) as supplier
Subject matter:	Pursuant to the 2026 Master Supply Agreement, the Company (for itself and on behalf of its subsidiaries from time to time) appointed the Nongfa Group as one of its suppliers for corn kernels and Nongfa (for itself and on behalf of its subsidiaries from time to time) agreed to supply corn kernels to the Group
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Early termination:	The parties shall have the right to effect an early termination by giving no less than three months' written notice to the other party

Pursuant to the 2026 Master Supply Agreement, members of the Group shall enter into purchase orders or sales contracts with the relevant member(s) of the Nongfa Group from time to time during the term of the 2026 Master Supply Agreement for the purposes of confirming the purchase of corn kernels by the Group from the Nongfa Group. Such purchase orders or sales contracts shall specify the detailed terms of such purchase, including but not limited to the form of delivery, payment and remittance time and method (and where there is any delay in payment by the relevant member(s) of the Group, the interest rate chargeable by the relevant member(s) of the Nongfa Group shall not exceed the highest payment overdue interest rate charged by the relevant member(s) of the Nongfa Group to its independent third party customers in other transactions of the same type during the 180-day period immediately preceding the date of the relevant purchase order or sales contract), quality warranties and inspection, and the respective rights and obligations of each party to such purchase order or sales contract, provided that such separate purchase order or sales contract shall be for a fixed term and in any event not exceeding the term of the 2026 Master Supply Agreement, at pricing terms and otherwise on terms in compliance with those set out in the 2026 Master Supply Agreement.

(B) Pricing and other terms

Under the 2026 Master Supply Agreement, the Nongfa Group shall supply corn kernels to the Group at a price not higher than the highest price of the below (price exclusive of transportation and storage fees, interests, handling fee and/or other fees including transfer fees, unloading fees and warehouse release costs):

(1) the average unit corn transaction price (玉米單位平均交割結算價) of the latest trade matching day available on the official website of Dalian Commodity Exchange as at the date on which the relevant member(s) of the Group proposes to place purchase order or enter into sales contract with the relevant member(s) of the Nongfa Group, being calculated by averaging the unit corn transaction prices (單位交割結算價) of all corn transactions on the said latest trade matching day; and

(2) the highest corn procurement price (最高玉米收購價格) in Jilin Province for the most recent day published on Mysteel (www.mysteel.com), an independent third party price consulting platform, as at the date on which the relevant member(s) of the Group proposes to place purchase order or enter into sales contracts with the relevant member(s) of the Nongfa Group,

provided that if any of the above websites are, for any reason(s), unable to function normally, be accessed or provide valid price information, then such highest price (exclusive of transportation and storage fees, interests, handling fee and/or other fees including transfer fees, unloading fees and warehouse release costs) shall be the unit corn price as published on any other website(s) of similar standing and/or credibility as approved by the Board and the audit committee of the Company.

The Directors (including the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into account the advice of the IFA) consider that the above pricing terms under the 2026 Master Supply Agreement are fair and reasonable and can ensure that each individual transaction under the 2026 Master Supply Agreement will be conducted in normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

In arriving at such view, the Directors have taken into account the purchase price of the corn kernels under the 2026 Master Supply Agreement will be determined with reference to two publicly available market references independent of the Group and the Nongfa Group. The Directors also consider that each of the above benchmarks reflects different aspects of the PRC corn market. The Dalian Commodity Exchange price reflects exchange-traded corn futures prices and serves as an indicator of market expectations regarding future corn prices based on anticipated demand and supply conditions. In contrast, the procurement prices published on Mysteel reflect the actual spot market transactions in the Jilin Province, being the principal region in which the Group procures corn kernels. The Directors also note that local spot market prices may, from time to time, differ from

exchange-traded prices due to regional supply and demand conditions, factors such as transportation and logistics costs, freight expenses and other market conditions. Accordingly, by making reference to both the price information from the Dalian Commodity Exchange and Mysteel, the Directors are of the view that the Group is able to take into account both the broader market price trends as reflected by the futures market and the prevailing regional spot market prices reflected by actual procurement transactions, thereby providing a more comprehensive and objective basis of reference in determining the purchase price of corn kernel under the 2026 Master Supply Agreement.

In addition, the Directors consider that the highest corn procurement price in Jilin Province as published on Mysteel is an appropriate price reference when determining the purchase price of corn kernels under the 2026 Master Supply Agreement. As the price published by Mysteel represents the highest procurement price quoted by market participants in Jilin Province for the relevant day, it serves as an objective and independent reference point for establishing the maximum permissible purchase price under the pricing mechanism. The Directors consider that adopting the highest procurement price as a pricing ceiling is appropriate as it provides a transparent and publicly available benchmark representing the upper end of the prevailing spot market prices range in the relevant regional market, which enable the Group to ensure that the purchase price of corn kernels under the 2026 Master Supply Agreement will not exceed such prevailing market range. Accordingly, the Directors are of the view that such pricing mechanism can ensure that the transactions contemplated under the 2026 Master Supply Agreement will be conducted on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

Furthermore, to ensure that price of each individual transaction under the 2026 Master Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders, the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Supply Agreement from time to time to ensure that the price of corn kernels supplied by the Nongfa Group to the Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the price of corn kernels in each individual transaction has been accurately attained from each source prior to determining the final price of the corn kernels for each transaction. The Group has also established a corn procurement pricing committee (the "**Pricing Committee**") responsible for reviewing the corn procurement models, procurement strategies and guidance prices on a regular basis. The Pricing Committee comprises the deputy general manager of the Group in charge of production, the chief accountant of the Company, the deputy general manager of the Group in charge of procurement and sales, and the department head of the safety production department. The Pricing Committee shall hold regular meetings to determine the purchase price of corn kernels under the 2026 Master Supply Agreement with reference to market information including procurement prices adopted by nearby corn-deep processing enterprises, the Group's inventory levels and pricing information from the above two independent public sources. The Pricing Committee will also compare the purchase price of corn kernels offered by the Group's independent third party suppliers before determining the guidance price for procurement under the 2026 Master Supply Agreement, so as to ensure that the guidance price set will not exceed the prices quoted by the independent third party suppliers of the Group. The procurement department of the Group shall then compare the guidance price approved by the Pricing Committee with the proposed purchase price of corn kernels before entering into any procurement transaction with the Nongfa Group. Accordingly, the Directors consider that the Group's multi-level review and approval procedures will provide an effective mechanism to monitor

the pricing of transactions under the 2026 Master Supply Agreement and to ensure that the purchase price payable by the Group to the Nongfa Group is in line with prevailing market conditions and the transactions will be conducted on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

(C) Proposed annual caps

See below details of (1) the existing annual caps for the transactions under the 2023 Master Supply Agreement for the years ended/ending 31 December 2024, 2025 and 2026; and (2) the proposed annual caps for each of the three years ending 31 December 2029 under the 2026 Master Supply Agreement:

	For the year ended/ending 31 December		
	2024	**2025**	**2026**
Existing annual caps *(HK$'000)*	1,591,000	2,045,000	2,045,000
Historical transaction amounts *(HK$'000)*	401,853	682,066	495,132*
Utilisation rate of the historical transaction amounts over the existing annual caps	25.3%	33.4%	24.2%

** The amounts represented the historical transaction amounts as at 31 August 2026.*

	2027	**2028**	**2029**
	HK$'000	*HK$'000*	*HK$'000*
Proposed annual caps	940,484	957,507	975,508

See below details of the quantity and amount of corn kernels purchased by the Group during the two years ended 31 December 2025 and the eight months ended 31 August 2026:

Relevant period/years	**Quantity and amount of corn kernels purchased by the Group**		**Quantity and amount of corn kernels purchased from the Nongfa Group under the 2023 Master Supply Agreement and percentage of total purchased corn kernels**			**Quantity and amount of corn kernels purchased from independent third party suppliers and percentage of total purchased corn kernels**		
	MT	*HK$'000*	*MT*	*HK$'000*	*%*	*MT*	*HK$'000*	*%*
Year ended 31 December 2024	471,000	938,684	188,000	401,853	39.9	283,000	536,831	60.1
Year ended 31 December 2025	830,000	1,660,355	322,000	682,066	38.8	508,000	978,289	61.2
Eight months ended 31 August 2026	425,000	984,667	211,000	495,132	49.6	214,000	489,535	50.4

See below details of the quantity and amount of corn kernels expected to be purchased by members of the Group during each of the three years ending 31 December 2029:

Relevant years	Quantity and amount of corn kernels expected to be purchased by the Group		Quantity and amount of corn kernels expected to be purchased from the Nongfa Group under the 2026 Master Supply Agreement and percentage of expected total purchased corn kernels			Quantity and amount of corn kernels expected to be purchased from independent third party suppliers and percentage of expected total purchased corn kernels		
	MT	*HK$'000*	*MT*	*HK$'000*	*%*	*MT*	*HK$'000*	*%*
Year ending 31 December 2027	600,000	1,410,726	400,000	940,484	66.7	200,000	470,242	33.3
Year ending 31 December 2028	600,000	1,436,260	400,000	957,507	66.7	200,000	478,753	33.3
Year ending 31 December 2029	600,000	1,463,263	400,000	975,508	66.7	200,000	487,755	33.3

The proposed annual caps under the 2026 Master Supply Agreement have been determined with reference to (i) the estimated demand of the Group for corn kernels as contemplated under the 2026 Master Supply Agreement, taking into account the production capacity of the Group's production facilities and the development of its trading business during the term of the 2026 Master Supply Agreement; (ii) the historical and current price trend of corn kernels; and (iii) the historical transaction volume between the Nongfa Group and the Group in relation to the supply of corn kernels by the Nongfa Group to the Group pursuant to the 2023 Master Supply Agreement.

The Company expects the quantity of corn kernels to be purchased by the Group from the Nongfa Group for the three years ending 31 December 2029 under the 2026 Master Supply Agreement shall be 400,000 MT (amounting to approximately HK$940,484,000), 400,000 MT (amounting to approximately HK$957,507,000) and 400,000 MT (amounting to approximately HK$975,508,000), based on the projection of corn prices according to the recent purchase prices of corn kernels and with reference to the Group's demand for corn kernels and the market demands of the respective products of the Group during the term of the 2026 Master Supply Agreement.

The total amount of corn kernels expected to be purchased by the Group for each of the three years ending 31 December 2029 is determined based on the recent market prices of corn kernels with reference to the recent average purchase price of corn kernels by the Group for the eight months ended 31 August 2026, being approximately HK$2,318 per MT, as multiplied by the Group's expected demand (in terms of quantity) for corn kernels.

It is noted that the proposed annual caps under the 2026 Master Supply Agreement for the three years ending 31 December 2029 are substantially lower than the existing annual caps under the 2023 Master Supply Agreement. Such decrease is primarily attributable to the relatively low utilisation rates of the existing annual caps as illustrated above, which resulted from the revamping and revitalisation of the production facilities of 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*), a wholly-owned subsidiary of the Company, at the Xinglongshan production site not being implemented as originally planned. When the existing

annual caps under the 2023 Master Supply Agreement were determined, it was anticipated that the Xinglongshan production facilities would resume operation and contribute additional production capacity of approximately 800,000 MT per annum. However, as at the Latest Practicable Date, the Xinglongshan production facilities remain suspended and there is currently no concrete timetable or definitive plan for the resumption of its operations. Accordingly, in determining the proposed annual caps under the 2026 Master Supply Agreement, the Directors have adopted a prudent and realistic approach by excluding any assumed contribution from the Xinglongshan production facilities.

(i) Estimated demand of the Group for corn kernels and historical transaction volume under the 2023 Master Supply Agreement

For the purpose of estimating the expected demand (in terms of quantity) for corn kernels for the three years ending 31 December 2029, the Directors have taken into account (a) the actual processing capacity of corn kernels at the Group's Dehui production site following the completion of the boiler refurbishment project (the "**Boiler Refurbishment Project**") in respect of the boiler facilities at the production site of 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*) ("**Changchun Dahe**"), an indirect wholly-owned subsidiary of the Company, which was completed in August 2026; and (b) the cooperation agreement entered into between 長春大成大合生物技術開發有限公司 (Changchun Dacheng Dahe Bio-Tech Development Co., Ltd.*) ("**Dacheng Dahe**") and 神舟生物科技有限責任公司 (Shenzhou Biology & Technology Co., Ltd.*) for the production of coenzyme Q10 mycelium (the "**Coenzyme Q10 Project**"), where the civil construction works for the first phase of the Coenzyme Q10 Project at the Dehui production site are expected to be completed in January 2027. It is expected that the Group's product portfolio will shift toward higher-margin bio-fermentation products, enabling the Dehui production site to maximise its overall production capacity efficiency upon completion of the first phase of the Coenzyme Q10 Project.

In particular, the Directors have considered the historical procurement volume of corn kernels, which increased significantly from approximately 471,000 MT in 2024 to 830,000 MT in 2025. The increase was mainly driven by (i) the Group's efforts to maximise production capacity utilisation in order to reduce average overhead costs per unit through economies of scale; and (ii) the Group's strategic decision to increase procurement when market prices were relatively favourable, in light of the overall upward trend in corn prices, so as to secure adequate raw material inventory at lower procurement costs. Procurement volume during the eight months ended 31 August 2026 was approximately 425,000 MT, which was lower than the level recorded in 2025. Such decrease was primarily attributable to the Boiler Refurbishment Project undertaken at the Group's Dehui production site and the tightened cashflow of the Group during 2026, which temporarily affected production capacity and consequently reduced the Group's procurement requirements for corn kernels during the period. Following the completion of the Boiler Refurbishment Project, the Directors expect that the Dehui production site will resume to normal operations and gradually ramp up utilisation. Coupled with the anticipation of mass production of Coenzyme Q10 in 2027 under the Coenzyme Q10 Project, the Directors currently estimate that approximately 600,000 MT of corn kernels per annum would be required for the Group to operate at maximum

production capacity. The Directors noted that the volume of corn kernels procured by the Group in 2025 of approximately 830,000 MT was higher than the expected volume of corn kernels required for the Group to operate at maximum production capacity. As illustrated above, such difference was primarily attributable to the unconventional procurement strategy adopted by the Group in light of the rising price trend in corn kernel prices, pursuant to which the Group increased its procurement of corn kernels at relatively favourable market prices to lower overall procurement costs. Considering the financial resources of the Group, the Directors currently intend to maintain inventory at a prudent level and expect to procure corn kernels principally in line with actual business and production needs during the term of the 2026 Master Supply Agreement. In arriving at the estimated procurement of corn kernels per annum of approximately 600,000 MT, the Directors also took into account the development of its newly commenced trading business. The Group commenced the business of trading of corn starch, corn-based by-products and amino acids in 2026. Under this business model, the Group procures relevant products, including corn kernels, for onward sale to downstream customers in the breeding industry, thereby contributing to its overall procurement demand for corn kernels. Based on the current estimation, approximately 80.0% of the corn kernels procured from Nongfa will be used to satisfy the Group's own production needs while the remaining 20.0% will be used for the Group's trading business.

Based on the total procurement of corn kernels of approximately 600,000 MT per annum, the Directors have adopted an expected purchase quantity of 400,000 MT for each of the three years ending 31 December 2029 under the 2026 Master Supply Agreement, which represents two-third of expected total procurement of corn kernels each year. In determining this level, the Directors have considered the historical transaction amounts with the Nongfa Group. Under the 2023 Master Supply Agreement, purchases from the Nongfa Group represented approximately 39.9%, 38.8% and 49.6% of the Group's total corn kernel procurement in the two years ended 31 December 2025 and the eight months ended 31 August 2026, respectively. In particular, the Directors noted that the quantity and amount of corn kernels purchased from the Nongfa Group increased notably in 2025 as compared to 2024, which was in line with the growth in the Group's total purchase volume and amount of corn kernels during the same period as a result of maximising production capacity and strategically accumulating raw materials at lower procurement costs in 2025. The proposed allocation of approximately two-thirds of the Group's anticipated annual procurement reflects an increase from historical proportion of procurement sourced from the Nongfa Group as the Group would be able to further benefit from the favourable commercial terms offered by the Nongfa Group to enhance its working capital as further discussed in the paragraph headed " (D) Reasons for and benefits of entering into the 2026 Master Supply Agreement" below. Notwithstanding the aforesaid, the Directors deliberately allocated one-third of the Group's expected annual procurement of corn kernels to be sourced from independent third party suppliers. The Directors consider that maintaining such level of procurement from independent third party suppliers would enable the Group to preserve diversified price and quality benchmarking among suppliers and avoid undue reliance on one single supplier. Accordingly, the Directors consider that the estimated purchase quantity of corn kernels from the Nongfa Group under the 2026 Master Supply Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(ii) Price trend of corn kernels

For estimating the purchase price of corn kernels for the period between 2027 and 2029, the Directors have considered the fact that the demand and supply of corn kernels in the Northern China is affected by PRC agricultural policy and geopolitical changes, as well as harvest conditions and timing which are particularly susceptible to unexpected external factors such as weather conditions and pest infestation, causing fluctuations in unit price of corn kernels over the past years. In particular, the corn kernel price in Changchun City of Jilin Province showed an overall increasing trend from 2024 to 2026. According to the information available on Mysteel, the corn kernel price in Changchun City rose from around RMB2,020 per MT in October 2024 to around RMB2,250 per MT in September 2026. Having considered the overall upward trend in corn kernel prices in recent years and the continuing uncertainties affecting the agricultural commodities market, including (i) the PRC government policies that support domestic corn prices, such as state-backed reserve procurement programs and soybean-corn rotation subsidies to enhance food security, which limit the growth of corn planting acreage and provide support to domestic corn prices; (ii) evolving international trade restrictions and barriers; and (iii) ongoing changes in tariff policies, the Directors consider it appropriate to adopt the recent average purchase price of corn kernels by the Group for the eight months ended 31 August 2026 of approximately HK$2,318 per MT as the starting point when calculating the expected purchase price for the three years ending 31 December 2029 under the 2026 Master Supply Agreement.

In light of the historical upward trend in corn kernel prices and the absence of any foreseeable circumstances that would mitigate the impact of the aforementioned uncertainties in the agricultural commodities market, the Directors are of the view that such uncertainties will have an ongoing impact on the corn kernel prices and, in turn, the Group's procurement costs during the term of the 2026 Master Supply Agreement. Given such uncertainties, the Group has no current intention to further increase its production capacity, and accordingly, the proposed annual caps have been determined with reference to a fixed annual procurement volume of 600,000 MT (representing the Group's maximum production capacity as illustrated in (i) above), together with estimated purchase prices incorporating an annual growth rate ranging from 1.4% to 1.9%. Such annual growth rates were determined with reference to the forecast inflation rate in the PRC during the relevant period. Applying such growth rate to the base price of approximately HK$2,318 per MT, the estimated purchase price of corn kernels applied for the three years ending 31 December 2029 is approximately HK$2,351, HK$2,394 and HK$2,439.

The Directors consider that the adoption of an annual growth rate ranging from 1.4% to 1.9% to be a prudent estimate to the increase in purchase price of corn kernels in the three years ending 31 December 2029. In arriving at such view, the Directors have taken into account the prevailing purchase prices of corn kernels, the overall upward trend in domestic corn prices (in particular, the increase of approximately 11.4% in corn kernel price in Changchun City from October 2024 to September 2026) and the continuing uncertainties in the market as illustrated above. The Directors are also mindful that the future corn kernel prices may continue to be affected by factors beyond the Group's control, such as weather conditions affecting agricultural output and geopolitical and macroeconomic developments which may

affect the pricing of agricultural commodities. As such, the Directors are of the view that such annual growth rates strike a balance between reflecting the recent upward pricing trend and avoiding excessive assumptions as to future price increases. Accordingly, the Directors believe that the estimated purchase price for each of the three years ending 31 December 2029 are based on reasonable and prudent assumptions and provide an appropriate basis for determining the proposed annual caps under the 2026 Master Supply Agreement.

Taking into account the foregoing, the Directors consider that the proposed annual caps under the 2026 Master Supply Agreement are fair and reasonable. In determining the proposed annual caps, the Directors have considered both the estimated procurement quantity from the Nongfa Group and the estimated purchase price of corn kernels. As to procurement quantity, the Directors have taken into account the Group's anticipated maximum annual demand of approximately 600,000 MT of corn kernels upon the resumption of normal production operations at the Dehui production site of Changchun Dahe after the completion of the Boiler Refurbishment Project, the expected increase in demand attributable to the Coenzyme Q10 Project and the continuing development of the Group's trading business. Notwithstanding such anticipated demand, the Directors have assumed purchases of 400,000 MT per annum from the Nongfa Group, being approximately two-thirds of the Group's estimated annual corn kernel requirement, while retaining one-third of the procurement demand for sourcing from independent third party suppliers. The Directors consider that such allocation strikes an appropriate balance between securing a stable supply of corn kernels with favourable commercial terms from the Nongfa Group and maintaining diversified procurement channels and sourcing flexibility. As for purchase price, the Directors have considered the prevailing market prices, the recent corn kernel price trends in Changchun City of Jilin Province and the continuing uncertainties affecting the agricultural commodities market. The Directors have adopted the recent average purchase price of HK$2,318 per MT as the base price and applied a prudent annual growth rate range from 1.4% to 1.9% in arriving the estimated purchase price for the three years ending 31 December 2029, thereby providing a reasonable buffer for potential price fluctuations arising from unexpected change in market conditions while reflecting the recent upward pricing trend. Accordingly, the Directors consider such estimation of the purchase price in the three years ending 31 December 2029 to be an appropriate basis for calculating the annual caps under the 2026 Master Supply Agreement. The Directors will continue to monitor the utilisation of the proposed annual caps under the 2026 Master Supply Agreement in light of the prevailing market conditions. In the event that the proposed annual caps become insufficient due to factors including, but not limited to, the future adoption of any strategic inventory accumulation plan by the Group and/or the further increase of the production capacity of the Group, the Company will take appropriate steps to revise and renew the relevant annual caps in accordance with the requirements of the Listing Rules.

Based on the above assumptions and the estimated purchase price, the Directors (including the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into account the advice of the IFA) are of the opinion that the basis for setting the annual caps for the continuing connected transactions contemplated under the 2026 Master Supply Agreement for each of the three years ending 31 December 2029 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(D) Reasons for and benefits of entering into the 2026 Master Supply Agreement

The Nongfa Group has been providing a stable supply of quality corn kernels to the Group as one of the suppliers of the Group in the past years under the 2023 Master Supply Agreement. In contemplation of the expiration of the 2023 Master Supply Agreement in December 2026, the Company entered into the 2026 Master Supply Agreement with Nongfa in order to continue to take advantage of the strong and stable business relationship between the Nongfa Group and the Group to better source its required quantity of corn kernels with higher flexibility and in close proximity to the Group's production sites.

The management of the Group has taken into consideration the following reasons and benefits that would be brought to the Group by entering into the 2026 Master Supply Agreement with Nongfa:

(1) The Nongfa Group has consistently been able to source corn kernels internally through its subsidiaries and offer highly competitive commercial terms to the Group, including an extended credit period with lower overdue interest rates, while providing commercial flexibility in payment settlement without resorting to immediate legal recourse, thereby significantly alleviating pressure on the Group's financial liquidity;

(2) the production facilities and grain storage sites of the Nongfa Group are located in various cities in Jilin Province and which are/will be in close proximity to the Group's production sites;

(3) the procurement of corn kernels from the Nongfa Group can reduce the Group's lead time as compared with procuring from other suppliers of the Group;

(4) the Group can place more confidence in the Nongfa Group given its state-owned background and its business scale in being one of the largest corn kernel suppliers in Jilin Province; and

(5) the 2026 Master Supply Agreement is not an exclusive supplier agreement, rather, it provides alternative means for the Group in procuring corn kernels, the Group may still source from other suppliers if it so wishes.

As such, the Directors believe that the procurement of corn kernels from the Nongfa Group under the 2026 Master Supply Agreement would allow the Group to continuously secure a relatively stable supply of corn kernels at reasonable prices.

The Nongfa Group was not and will not become an exclusive supplier to the Group under the 2026 Master Supply Agreement. Given that the Group has a diversified list of suppliers and the abundant supply of corn kernels in the areas in which the Group operates, it could readily and easily switch to other sources for procurement if and when needed.

(E) Internal Control Measures

In order to ensure that the transactions contemplated under the 2026 Master Supply Agreement are consistent with the pricing policy as set out under the paragraph headed "2. 2026 MASTER SUPPLY AGREEMENT – (B) Pricing and other terms" above, and that the price of each individual transaction under the 2026 Master Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders, the Group has adopted the following internal control measures:

(1) the procurement department of the Group will obtain prevailing market prices of corn kernels from two public sources to ensure that the purchase price of corn kernels from the Nongfa Group are on normal commercial terms and no less favourable to the Group;

(2) the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Supply Agreement from time to time to ensure that the price of corn kernels supplied by the Nongfa Group to the Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the price of corn kernels in each individual transaction has been accurately attained from each source prior to determining the final price of the corn kernels for each transaction;

(3) the independent non-executive Directors will conduct monthly review of the actual execution of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Supply Agreement and the proposed annual caps) and provide annual confirmations that the relevant transactions that have been entered into are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in accordance with the relevant agreement, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole; and

(4) the Company's external auditors will also conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Supply Agreement and the proposed annual caps) to confirm the relevant transactions are in accordance with the pricing policies of the Group and the relevant agreements, and have not exceeded the relevant annual caps.

3. 2026 MASTER SALES AGREEMENT

(A) Principal terms

Date:	20 October 2026
Parties:	(1) Nongfa (for itself and on behalf of its subsidiaries from time to time) as purchaser (2) the Company (for itself and on behalf of its subsidiaries from time to time) as supplier
Subject matter:	Pursuant to the 2026 Master Sales Agreement, Nongfa (for itself and on behalf of its subsidiaries from time to time) appointed the Group as one of its suppliers for Corn Starch and Other Corn Refined Products and the Company (for itself and on behalf of its subsidiaries from time to time) agrees to supply Corn Starch and Other Corn Refined Products to the Nongfa Group
Term:	From 1 January 2027 to 31 December 2029 (both days inclusive)
Early termination:	The parties shall have the right to effect an early termination by giving no less than three months' written notice to the other party

Pursuant to the 2026 Master Sales Agreement, the relevant member(s) of the Nongfa Group shall enter into purchase orders or sales contracts with the relevant member(s) of the Group from time to time during the term of the 2026 Master Sales Agreement for the purposes of confirming the purchase of Corn Starch and Other Corn Refined Products by the Nongfa Group from the Group. Such purchase orders or sales contracts shall specify the detailed terms of such purchase, including but not limited to the form of delivery, payment and remittance time and method (where there is any delay in payment by the relevant member(s) of the Nongfa Group, interest rate chargeable by the relevant member(s) of the Group shall not be lower than the overdue interest rate charged by the Nongfa Group to the Group in other transactions), quality warranties and inspection, and the respective rights and obligations of each party, provided that such separate purchase order or sales contract shall be for a fixed term and in any event not exceeding the term of the 2026 Master Sales Agreement, at pricing terms and otherwise on terms in compliance with those set out in the 2026 Master Sales Agreement.

(B) Pricing and other terms

Under the 2026 Master Sales Agreement, the Group shall supply Corn Starch and Other Corn Refined Products to the Nongfa Group at market rates and the unit price charged by the Group shall not be lower than the average unit price of Corn Starch and Other Corn Refined Products of the same or similar type sold by the Group to independent third parties in the most recent five transactions (price exclusive of transportation and storage costs, insurance costs, interests and/or other handling charges).

For the purpose of the 2026 Master Sales Agreement, "market rates" refer to the prevailing market prices of Corn Starch and Other Corn Refined Products of the same or similar type(s) sold by the Group to its customers. The Group's pricing team, which comprises of the sales and accounting departments, periodically formulates the baseline prices for determining the unit price of Corn Starch and Other Corn Refined Products offered to its customers. In doing so, the pricing team makes references to public quotations from reputable regional trading centres and industry portals, reference prices as published on recognised sources such as Mysteel.com (being a leading commodity data provider which serves multiple national bureaus and commissions including the National Bureau of Statistics of China and National Development and Reform Commission), and the weekly nearby ex-factory price circulars in Northeast China to come up with price quotations having regard to the Group's sales strategies. Price quotations formulated by the pricing team are then subject to approval by the Group's sales department manager, marketing department manager and general manager of the relevant subsidiary(ies) of the Company.

In addition to making reference to the above market rates, prior to confirming any individual sales order under the 2026 Master Sales Agreement, the Group's pricing team is required to review and cross-check the invoices and transaction records of the five most recent consecutive sales of the same or comparable Corn Starch and Other Corn Refined Products conducted with independent third party customers. Based on such review, the Group determines the prevailing net unit prices of the relevant products (excluding transportation and storage costs, insurance costs, interests and other ancillary charges), which serves as the benchmark market price for the proposed transaction with the Nongfa Group. The unit price to be charged to the Nongfa Group must be no less favourable to the Group than the average net unit price derived from such comparable transactions with independent third party customers.

The Directors (including the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into account the advice of the IFA) consider that as the price of Corn Starch and Other Corn Refined Products to be charged by the Group under the 2026 Master Sales Agreement shall be determined with reference to the latest market prices charged by the Group to independent third parties which are all up-to-date and fair, such pricing terms can ensure that the price of Corn Starch and Other Corn Refined Products will not be set at prices lower than the market rates from time to time.

To ensure that the price of each individual transaction under the 2026 Master Sales Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders, the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Sales Agreement from time to time to ensure that the price of Corn Starch and Other Corn Refined Products supplied by the Group to the Nongfa Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the price of Corn Starch and Other Corn Refined Products in each individual transaction has been accurately attained prior to determining the final price of Corn Starch and Other Corn Refined Products for each transaction.

(C) Proposed annual caps

The Company expects that the annual caps in respect of the transactions contemplated under the 2026 Master Sales Agreement will be HK$344,972,000, HK$543,063,000 and HK$553,272,000 for each of the three years ending 31 December 2029, respectively.

The above annual caps have been determined with reference to (i) the estimated demand of the Nongfa Group for Corn Starch and Other Corn Refined Products as contemplated under the 2026 Master Sales Agreement; (ii) the residual production capacity of the Group's production facilities after fulfilling production for external sales; and (iii) the development of the Group's trading business during the term of the 2026 Master Sales Agreement.

The quantity of Corn Starch and Other Corn Refined Products sold by the Group during the two years ended 31 December 2025 and the eight months ended 31 August 2026 were 112,000 MT (amounted to approximately HK$348,829,000), 154,000 MT (amounted to approximately HK$437,704,000) and 106,000 MT (amounted to approximately HK$393,129,000), respectively.

As the Group's production outputs for the two years ended 31 December 2025 and the eight months ended 31 August 2026 were fully sold to independent third party customers and overseas markets, no Corn Starch and Other Corn Refined Products were sold to the Nongfa Group during the corresponding periods.

See below details of the quantity and amount of Corn Starch and Other Corn Refined Products expected to be sold by the Group during each of the three years ending 31 December 2029:

Relevant years	Quantity and amount of Corn Starch and Other Corn Refined Products expected to be sold by the Group		Quantity and amount of Corn Starch and Other Corn Refined Products expected to be sold to the Nongfa Group under the 2026 Master Sales Agreement and percentage of expected total sales of Corn Starch and Other Corn Refined Products			Quantity and amount of Corn Starch and Other Corn Refined Products expected to be sold to independent third party customers and percentage of expected total sales of Corn Starch and Other Corn Refined Products		
	MT	*HK$'000*	*MT*	*HK$'000*	*%*	*MT*	*HK$'000*	*%*
Year ending 31 December 2027	218,000	864,413	87,000	344,972	39.9	131,000	519,441	60.1
Year ending 31 December 2028	273,000	1,082,162	137,000	543,063	50.2	136,000	539,099	49.8
Year ending 31 December 2029	273,000	1,102,506	137,000	553,272	50.2	136,000	549,234	49.8

The Company expects the quantity of Corn Starch and Other Corn Refined Products to be sold by the Group to the Nongfa Group for the three years ending 31 December 2029 shall respectively be approximately 87,000 MT (amounting to approximately HK$344,972,000), 137,000 MT (amounting to approximately HK$543,063,000) and 137,000 MT (amounting to approximately HK$553,272,000).

The proposed annual caps (being the estimated sales amount of Corn Starch and Other Corn Refined Products expected to be sold to the Nongfa Group) under the 2026 Master Sales Agreement are determined by multiplying the estimated sales volume of each type of Corn Starch and Other Corn Refined Products expected to be sold by the Group to the Nongfa Group by the corresponding estimated selling price of such products for each of the three years ending 31 December 2029.

In determining the quantity of Corn Starch and Other Corn Refined Products to be sold by the Group to the Nongfa Group for each of the three years ending 31 December 2029, the management of the Group has taken into account (i) the expected market conditions in the coming years considering that the overseas market continues to shrink due to the impact of tariffs and anti-dumping measures, accompanied by intense competition in international trade which is not expected to recover significantly in the near term; and in response, the Group must explore diverse sales channels, including the established sales network of the Nongfa Group, to sustain its production volume and maximise the production capacity of the Group to enhance the operational efficiency of the new boiler; and (ii) the expected trading volume of Corn Starch and Other Corn Refined Products for the three years ending 31 December 2029, with an expected annual growth rate, taking into account the Group's understanding of the business needs and customer reach of the Nongfa Group as a state-owned enterprise operating a wide range of agriculture-related businesses, including soft commodity trading and breeding industry operations, and that the Group's trading business is newly established and time is required to build market presence to flexibly meet the demand for niche products.

For (i), the Group has observed that the demand in the overseas market has continued to be adversely affected by tariffs, anti-dumping measures and other trade restrictions, resulting in intensified competition in the international markets and reduced export opportunities. This has led to a decrease in the Group's overall export sales to approximately HK$235.6 million for the six months ended 30 June 2026, representing a decrease of approximately 17.6% as compared to the corresponding period in 2025. As such, the Directors anticipate that a greater proportion of its production output (especially amino acids products) will need to be absorbed through domestic sales channels. At the same time, following the completion of the Boiler Refurbishment Project at the Dehui production site, it is expected that the production output of the Group will increase. During the year ended 31 December 2025, the Group had an annual capacity utilisation rate of its production facilities of 85.5%, delivering self-produced sales of approximately 154,000 MT of Corn Starch and Other Corn Refined Products (without lysine products). During the eight months ended 31 August 2026, as the Group implemented the Boiler Refurbishment Project in respect of the boiler facilities at the Dehui production site, leading to a temporary production suspension, the Group achieved an annual capacity utilisation rate of 60.8%, with an annualised self-produced sales of approximately 109,500 MT of Corn Starch and Other Corn Refined Products (without lysine products). Following the completion of the Boiler Refurbishment Project in August 2026 with no immediate plans for production expansion, it is expected that the Group will achieve an annual capacity utilisation rate of approximately 80.0% in 2027, with self-produced sales of approximately 144,000 MT of Corn Starch and Other Corn Refined Products (without lysine products), and an annual capacity utilisation of 90.0% in 2028 and 2029, with self-produced sales of approximately 162,000 MT of Corn Starch and Other Corn Refined Products (without lysine products). In determining the expected annual capacity utilisation rates during the term of the 2026 Master Sales Agreement, the Directors have taken into account the historical annual capacity utilisation rate of approximately 85.5% achieved in 2025, being the latest full year of normal operations prior to the temporary suspension of production resulting from the Boiler Refurbishment Project in 2026. The Directors also noted that the Group had actively sought to maximise the utilisation of its production facilities in 2025 in order to improve operational efficiency and reduce average overhead costs per unit through economies of scale. In addition, the higher utilisation rates projected for 2028 and 2029 reflect the Directors' expectation that the Boiler Refurbishment Project will enhance the Group's production efficiency by reducing the frequency of maintenance works and related production downtime, thereby supporting a higher utilisation of the Group's production capacity. Accordingly, the Directors consider the estimated annual capacity utilisation rates of approximately 80.0% in 2027 and approximately 90.0% in each of 2028 and 2029 to be reasonable. With the anticipated increase in annual capacity utilisation rate and taking into account the shrinking of the overseas market, the Directors estimate that only approximately 60.0%, 50.0% and 50.0% of the total self-produced sales for the three years ending 31 December 2029 can be absorbed by independent third party customers (i.e. customers other than the Nongfa Group). The estimated percentages of approximately 60.0%, 50.0% and 50.0% for the three years ending 31 December 2029 were determined with reference to the Group's historical sales volume of self-produced products to independent third party customers and the expected increase in the Group's annual capacity utilisation rate. In particular, for 2027, the Directors have made reference to sales of self-produced products to independent third party customers of approximately 73,000 MT for the eight months ended 31 August 2026 which, when annualised, amounted to approximately 109,500 MT of Corn Starch and Other Corn Refined Products (without lysine products). Such annualised sales volume represented approximately 60.0% of the Group's maximum annual production capacity of approximately 180,000 MT and therefore formed the basis for the estimated percentage for 2027. For 2028 and 2029, the estimated percentage was

further adjusted downward to approximately 50.0% after taking into account the aforementioned anticipated increase in the Group's annual capacity utilisation rate and the continuing contraction of the overseas market. The Directors are of the view that, as production volume increases while demand from overseas customers remains subdued, the market may experience a relatively greater supply of products, which may in turn reduce the proportion of the Group's self-produced products that can be absorbed by independent third party customers. Accordingly, the Directors consider it commercially necessary for the Group to further diversify and expand its sales channels to maintain stable sales volume and support the utilisation of its enhanced production capacity.

Based on the above, the estimated sales volume of self-produced products to the Nongfa Group is approximately 57,000 MT, 81,000 MT and 81,000 MT for each of the three years ending 31 December 2029, respectively. Such estimated sales volumes represent the residual portion of the Group's estimated self-produced sales that is not expected to be absorbed by independent third party customers in the respective year, being approximately 40.0% of the estimated self-produced sales of 144,000 MT in 2027, and approximately 50.0% of the estimated self-produced sales of 162,000 MT in each of 2028 and 2029.

For (ii), the Group has recently commenced its trading business in 2026 in response to the intense market competition, fluctuating raw material costs and the evolving customer demand. The Directors noted that market demand has become increasingly diversified, particularly in respect of niche products and products with different specifications and/or concentrations. However, the Group's business model focused primarily on the production and sale of self-produced products, and its ability to respond promptly to changes in market demand may be constrained, as any adjustment to product mix or production specifications would generally require modifications to production facilities and production lines, as well as time for testing and optimisation before achieving commercial-scale production.

Against this backdrop, the Directors identified the business opportunity through the Nongfa Group. As a state-owned enterprise engaged in a broad range of agriculture-related businesses, including soft commodity trading and breeding industry operations, the Nongfa Group possesses a comprehensive portfolio of agricultural products and an extensive customer network.

Having identified such business opportunity, the Directors assessed the feasibility of commencing the trading business and considered that such business would enable the Group to leverage the established sales channels, market presence and broad customer reach of the Nongfa Group. The Directors further considered that the trading business would provide the Group with greater flexibility in responding to changing customer demand by enabling the Group to source and supply products that may not be immediately available from its own production facilities. This would allow the Group to maintain existing customer relationships, develop new customer relationships and meet customers' procurement needs while any necessary modifications to production facilities and production lines are being implemented. In addition, from a risk management perspective, the Directors considered that the trading business would diversify the Group's sources of revenue and profit and reduce its reliance on the manufacturing business alone, particularly in light of the suspension of operations of certain production facilities of the Group. Accordingly, the Directors considered the trading business to be complementary to the Group's existing manufacturing business and beneficial to the long-term development of the Group.

Based on the foregoing, the Group commenced the trading business in 2026. As the market trends illustrated above are unlikely to change materially in the near term, the Group intends to further its trading business in order to better leverage the extensive sales network and customer reach of the Nongfa Group. The Directors expect that the volume of sourced products to be sold to the Nongfa Group under the 2026 Master Sales Agreement for the three years ending 31 December 2029 to be approximately 30,000 MT, 56,000 MT and 56,000 MT, respectively. In assessing the estimated sales volume of sourced products to the Nongfa Group, the Directors have taken into account the historical transaction volume under the trading business for the eight months ended 31 August 2026. Based on the financial information of the eight months ended 31 August 2026, the Group generated an annualised sales volume of approximately 49,500 MT for the year. As the Group expects to further its trading business, the Directors project that the sales volume of sourced products will grow to approximately 74,000 MT in 2027, and reach 111,000 MT in 2028 and 2029, respectively. Based on such projection, the Directors have applied the same percentage of 40.0%, 50.0% and 50.0% in estimating the sales volume of sourced products to the Nongfa Group as those adopted in respect of the sales volume of self-produced products in (i) above. The Directors consider such approach reasonable, taking into account that both the manufacturing business and the trading business operate in the same industry environment and are subject to similar market conditions, including intense market competition, evolving customer demand and the anticipated contraction of the overseas market. Accordingly, the Directors consider that the percentages adopted for self-produced products provide a reasonable reference point for estimating the allocation of sourced product sales between independent third party customers and the Nongfa Group in the absence of a longer operating track record for the trading business.

Taking into account the expected sales volume of (i) self-produced products and (ii) sourced products to the Nongfa Group as illustrated above, the total expected sales volume to the Nongfa Group under the 2026 Master Sales Agreement is 87,000 MT, 137,000 MT and 137,000 MT for each of the three years ending 31 December 2029, respectively.

As illustrated above, the proposed annual caps under the 2026 Master Sales Agreement are determined by multiplying the estimated sales volume of each type of Corn Starch and Other Corn Refined Products expected to be sold by the Group to the Nongfa Group by the corresponding estimated selling price of such products for each of the three years ending 31 December 2029. The estimated selling price of each type of Corn Starch and Other Corn Refined Products during the three years ending 31 December 2029 is determined based on the recent market prices of the relevant Corn Starch and Other Corn Refined Products, which include corn starch, corn gluten meal, corn oil, corn germ meal and amino acids, with reference to the latest market prices charged by the Group to independent third party customers which are expected to increase at an annual rate of ranging approximately 1.9% to 6.9% from 2027 to 2029, taking into account the inflation rate in the PRC and the annual growth rate in the market price of the relevant product for the three years ending 31 December 2029.

For upstream products, including corn starch, corn gluten meal, corn oil and corn germ meal, the estimated selling prices for 2027, 2028 and 2029 were determined based on the average selling price of each type of product achieved by the Group for the eight months ended 31 August 2026, ranging from HK$1,300 per MT to HK$8,512 per MT. The corresponding estimated annual growth rates are approximately 7.3%, 1.2% and 1.9%, respectively, which reflect the average expected market price increases of the respective products, taking into account the anticipated inflation rate during the relevant periods. The Directors consider the growth rate of approximately 7.3% for 2027 to be reasonable and prudent as it primarily serves as a buffer for potential price fluctuations in the market with reference to the historical trend of increasing raw material price. In particular, corn kernels constitute the principal raw material for such products, and the market price of corn kernels experienced annual fluctuations of 18.0% during the period from December 2024 to June 2025, and of 8.8% from October 2025 to March 2026. Given the significant impact of corn kernel costs on the production cost and selling price of upstream products, the Directors consider it reasonable to incorporate a buffer to accommodate possible increases in raw material costs and market prices during 2027. The estimated annual growth rates of approximately 1.2% and 1.9% for 2028 and 2029, respectively, reflect management's prudent assumptions for the projection period. Given the inherently greater uncertainty associated with longer-term forecasts and the absence of a clear basis to anticipate further material price increases beyond those already reflected in the 2027 projection, the Directors have adopted a more conservative approach for 2028 and 2029 by primarily taking into account the expected inflationary adjustments, while providing a reasonable allowance for potential changes in market supply and demand.

For amino acids (mainly comprise threonine, valine and methionine), the estimated selling prices for 2027, 2028 and 2029 were determined based on the average selling price of each type of product achieved by the Group for the eight months ended 31 August 2026, ranging from HK$8,559 per MT to HK$33,070 per MT. The corresponding estimated annual growth rates are approximately 8.4%, 4.1% and 1.9%, respectively, which reflect the average expected market price increases of the respective products, taking into account the anticipated inflation rate during the relevant periods. The Directors consider the growth rate of approximately 8.4% for 2027 to be reasonable and prudent as it similarly incorporates a buffer for potential market price fluctuations arising from changes in raw material costs with reference to the historical trend of increasing raw material price. As corn kernels are also a key raw material used in the production process of amino acids, fluctuations in corn kernel prices may materially affect the selling prices of amino acid products. The estimated growth rate of approximately 4.1% for 2028 reflects not only an assumed inflationary increase of approximately 1.8%, but also an anticipated change in the Group's product mix. In particular, under the Group's sales plan, the proportion of methionine, which generally commands a higher selling price than other amino acid products, is expected to increase from approximately 4.4% to 5.7% of the amino acid product portfolio. The Directors therefore consider such growth assumption to be reasonable as it reflects both expected market inflation and the anticipated increase in sales of higher-value products. The estimated growth rate of approximately 1.9% for 2029 likewise reflect management's prudent assumptions for the projection period. Given the inherently greater uncertainty associated with longer-term forecasts and the absence of a clear basis to anticipate further material price increases beyond those already reflected in the previous projection periods, the Directors have adopted a more conservative approach for 2029 by primarily taking into account

the expected inflationary adjustments. Directors consider such rate reasonable as the rate remains below the published average year-on-year growth rate of the producer price index of approximately 2.3% for the nine months ended 30 September 2026. The producer price index measures changes in the wholesale prices received by producers and manufacturers, and is published by the National Bureau of Statistics of China (國家統計局). Accordingly, the Directors consider that the estimated selling prices adopted for amino acids are based on reasonable and supportable assumptions and appropriately reflect the expected market environment and planned optimisation of the Group's product portfolio during the term of the 2026 Master Sales Agreement.

Based on the above, in assessing the fairness and reasonableness of the proposed annual caps, the Directors have considered both the estimated sales quantity and the estimated selling price adopted for the transactions contemplated under the 2026 Master Sales Agreement. As to sales quantity, the Directors have taken into account (i) the need for the Group to further diversify and expand its sales channels in light of the challenging market environment for Corn Starch and Other Corn Refined Products, including the continuing impact of tariffs, anti-dumping measures and intense international competition, while improving the utilisation and production efficiency of its production facilities following the completion of the Boiler Refurbishment Project; (ii) the anticipated procurement demand of the Nongfa Group, having regard to its extensive agriculture-related operations and established sales and distribution network; and (iii) the expected growth of the Group's trading business, which is intended to complement the Group's manufacturing operations, maintain customer relationships and increase market coverage. Accordingly, the Directors consider the estimated sales quantities adopted for the three years ending 31 December 2029 to be reasonable and aligned with the Group's plan to expand its trading business. As to the estimated selling price, the Directors have adopted pricing assumptions based primarily on recent market prices of the relevant Corn Starch and Other Corn Refined Products and the latest selling prices charged by the Group to independent third party customers. Such estimated selling prices incorporate annual growth rates which the Directors consider reasonable after taking into account the historical fluctuations in corn kernel prices, being a key raw material of such products, historical price movements, anticipated inflation, and expected changes in product mix. The Directors consider these pricing assumptions to be prudent as the projected growth rates for the later years are generally below the recent producer price index growth rate and do not assume any aggressive escalation in product prices, while providing reasonable headroom for future price fluctuations arising from changes in raw material costs, inflation and market conditions. Based on the Group's current estimates, upstream products are expected to account for approximately 76.1%, 77.3% and 77.3% of the annual caps for the three years ending 31 December 2029, respectively, with amino acids accounting for the remaining approximately 23.9%, 22.7% and 22.7%, respectively.

Based on the above estimations and factors taken into account, the Directors (including the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into account the advice of the IFA) are of the opinion that the proposed annual caps for the continuing connected transactions contemplated under the 2026 Master Sales Agreement for the three years ending 31 December 2029 as stated above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(D) Reasons for and benefits of entering into the 2026 Master Sales Agreement

The Group entered into the 2026 Master Sales Agreement with Nongfa in order to take advantage of the strong and stable business relationship between the Nongfa Group and the Group.

The management of the Group has taken into consideration the following reasons and benefits that would be brought to the Group by entering into the 2026 Master Sales Agreement with Nongfa:

(1) the Nongfa Group accepts shorter payment terms for the sales of Corn Starch and Other Corn Refined Products by the Group, as compared to the credit terms of 30 to 90 days granted by the Group to its other commercial customers, which will ease the cash flow pressure of the Group;

(2) the Nongfa Group, being a state-owned enterprise tasked with consolidating the agricultural sector in Jilin Province, operates a wide range of agriculture-related businesses, including soft commodity trading and operations in the breeding industry;

(3) the Group can place more confidence in the credit risk of Nongfa Group given its state-owned background; and

(4) the continued enforcement of anti-dumping duties and trade restrictions in major export destinations, such as the European Union, has exerted sustained pressure on China's export channels for Corn Starch and Other Corn Refined Products, forcing domestic suppliers to strategically pivot and place greater reliance on the domestic market. Consequently, the corn processing capacity of the Group's production facilities has not been fully utilised during recent years. By leveraging the extensive sales network of the Nongfa Group to increase the Group's sales of Corn Starch and Other Corn Refined Products, the Group will be able to fully utilise its remaining production capacity and to maximise boiler efficiency and achieve greater cost effectiveness in production.

As such, the Directors believe that the sales of Corn Starch and Other Corn Refined Products from the Group to the Nongfa Group under the 2026 Master Sales Agreement would allow the Group to achieve higher sales with more favourable credit terms.

Given that the Group has maintained business relationships with no less than 110 customers for the sale of Corn Starch and Other Corn Refined Products, the Group can readily market and sell its products to other existing and potential customers in the event that the demand from the Nongfa Group decreases or ceases. The transactions contemplated under the 2026 Master Sales Agreement are conducted on a non-exclusive basis and do not restrict the Group from supplying similar products to other customers. The Directors consider that the Group is not economically dependent on the Nongfa Group, as there are sufficient alternative sales channels and a diversified customer base available to the Group for the distribution of its products.

(E) Internal Control Measures

In order to ensure that the transactions contemplated under the 2026 Master Sales Agreement are consistent with the pricing policy as set out under the paragraph headed "3. 2026 MASTER SALES AGREEMENT – (B) Pricing and other terms" above, and that the price of each individual transaction under the 2026 Master Sales Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders, the Group has adopted the following internal control measures:

(1) the sales department and the accounting department of the Group shall ensure that the unit price of Corn Starch and Other Corn Refined Products sold to the Nongfa Group shall not be lower than the average unit price of products of the same or similar type sold by the Group to independent third party customers in the most recent five transactions (price exclusive of transportation and storage costs, insurance costs, interests and/or other handling charges);

(2) the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Sales Agreement from time to time to ensure that the price of Corn Starch and Other Corn Refined Products sold from the Group to the Nongfa Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the selling price of the relevant Corn Starch and Other Corn Refined Products in each individual transaction has been accurately attained from each source (including the Group's internal sales records and supporting transaction documents relating to the most recent five transactions of the Group with independent third party customers for products of the same or similar type) prior to determining the final price for each transaction;

(3) the independent non-executive Directors will conduct monthly review of the actual execution of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Sales Agreement and the proposed annual caps) and provide annual confirmations that the relevant transactions that have been entered into are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in accordance with the relevant agreement, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole; and

(4) the Company's external auditors will also conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Sales Agreement and the proposed annual caps) to confirm the relevant transactions are in accordance with the pricing policies of the Group and the relevant agreements, and have not exceeded the relevant annual caps.

4. INFORMATION OF THE GROUP AND NONGFA

The Group is principally engaged in the manufacture and sale of corn refined products and corn-based biochemical products in the PRC. The Group commenced the trading of Corn Starch and Other Corn Refined Products to diversify its business operations in this year.

Nongfa is principally engaged in the investment in agriculture, sale and purchase of grain, distribution of agricultural products and provision of agricultural science and technology services. As at the Latest Practicable Date, Nongfa is owned as to 90.0% by Jilin SASAC and as to 10.0% by Jilin DOF. Both Jilin SASAC and Jilin DOF are PRC Governmental Bodies.

5. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Nongfa is interested in approximately 49.49% of the entire issued share capital of the Company (excluding 4,456,000 Treasury Shares) through its control in PRC LLP, which indirectly holds the entire issued share capital of Modern Agricultural. As such, Nongfa is a connected person of the Company. Accordingly, the transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the proposed annual caps under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement for each of the three years ending 31 December 2029 is more than 5% and the consideration exceeds HK$10 million each, the continuing connected transactions under each of the 2026 Master Supply Agreement and 2026 Master Sales Agreement, and their respective proposed annual caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. DISCLOSURE OF DIRECTORS' INTERESTS

Mr. Xiao Zexian, an executive Director, is also the chairman of the board of directors of Nongfa. As such, Mr. Xiao Zexian is considered to have material interests in each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and has abstained from voting in respect of the relevant Board resolutions approving the continuing connected transactions contemplated under the 2026 Master Supply Agreement and 2026 Master Sales Agreement, and their respective proposed annual caps. Save as disclosed, none of the Directors has a material interest in the 2026 Master Supply Agreement, the 2026 Master Sales Agreement and/or the respective continuing connected transactions contemplated thereunder, and therefore had to abstain from voting on the relevant Board resolutions.

7. EGM

The Company will convene the EGM at Conference Room 3, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Tuesday, 15 December 2026 to consider and, if thought fit, approve the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective proposed annual caps. A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, the resolutions to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM. Nongfa and its associates, and any Shareholders who are materially interested in the continuing connected transactions contemplated under the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, are required to abstain from voting on the relevant resolutions proposed to be passed at the EGM for approving the continuing connected transactions contemplated under the 2026 Master Supply Agreement, the 2026 Master Sales Agreement and/or their respective proposed annual caps.

To the best knowledge of the Directors after making all reasonable enquiries, as at the Latest Practicable Date, Nongfa indirectly held an aggregate of 830,826,902 Shares, representing approximately 49.49% of the entire issued share capital of the Company (excluding 4,456,000 Treasury Shares) through Modern Agricultural. Therefore, Modern Agricultural shall abstain from voting on the resolutions to be proposed at the EGM to approve the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective proposed annual caps.

A form of proxy for use at the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the EGM (i.e. at or before 10:30 a.m. on Sunday, 13 December 2026 (Hong Kong time)) or any adjournment or postponement thereof. Completion and return 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 and, in such event, the form of proxy shall be deemed to be revoked.

8. RECOMMENDATION

The Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into account the advice of the IFA) consider that the terms of the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective proposed annual caps are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the "Letter from the Independent Board Committee" set out in pages 30 to 31 of this circular which contains its advice to the Independent Shareholders regarding the terms of the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective proposed annual caps, the letter from Octal Capital set out in pages 32 to 68 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective proposed annual caps and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the appendix to this circular.

By order of the Board
Global Bio-chem Technology Group Company Limited
Xiao Zexian
Chairman

GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

24 November 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
2026 MASTER SUPPLY AGREEMENT FOR THE PROCUREMENT OF CORN KERNELS; AND
2026 MASTER SALES AGREEMENT FOR THE SALE OF CORN STARCH AND OTHER CORN REFINED PRODUCTS

We refer to the circular issued by the Company to its Shareholders dated 24 November 2026 (the "**Circular**") of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders.

We have been appointed by the Board to consider the terms of each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective proposed annual caps and to advise the Independent Shareholders in connection with the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement as to whether, in our opinion, the terms of the 2026 Master Supply Agreement and its proposed annual caps, and the 2026 Master Sales Agreement and its proposed annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Octal Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

** for identification purposes only*

We wish to draw your attention to the "Letter from the Board", as set out on pages 4 to 29 of the Circular, which contains, inter alia, information on the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and the letter from Octal Capital, as set out on pages 32 to 68 of the Circular, which contains its advice to us and the Independent Shareholders in connection with the 2026 Master Supply Agreement and the 2026 Master Sales Agreement. Having considered, among other things, the principal factors and reasons for entering into the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and the respective transactions contemplated thereunder, as well as the advice of the IFA as set out in its letter of advice, we consider that the terms of the 2026 Master Supply Agreement and its proposed annual caps, and the terms of the 2026 Master Sales Agreement and its proposed annual caps, to be fair and reasonable. We also consider that the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement to be on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the terms of the 2026 Master Supply Agreement and its proposed annual caps, and the terms of the 2026 Master Sales Agreement and its proposed annual caps.

Yours faithfully,
For and on behalf of
Independent Board Committee

Jiang Fangfang **Tan Chao** **Xie Liangqiu**
Independent non-executive Directors

The following is the full text of the letter from Octal Capital, the IFA, for the purpose of inclusion in this circular.

八方金融有限公司
OCTAL Capital Limited

504-505, 5/F,
308 Des Voeux Road Central
Hong Kong

24 November 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS 2026 MASTER SUPPLY AGREEMENT FOR THE PROCUREMENT OF CORN KERNELS AND 2026 MASTER SALES AGREEMENT FOR THE SALE OF CORN STARCH AND OTHER CORN REFINED PRODUCTS

INTRODUCTION

We refer to our engagement as the IFA to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Master Supply Agreement, the 2026 Master Sales Agreement, and the transactions contemplated thereunder and the respective annual caps for each of the three years ending 31 December 2029, particulars of which are set out in the letter from the Board (the "**Letter from the Board**") of the circular to the Shareholders dated 24 November 2026 (the "**Circular**") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

On 20 October 2026, the Company (for itself and on behalf of its subsidiaries from time to time) and Nongfa (for itself and on behalf of its subsidiaries from time to time) entered into the 2026 Master Supply Agreement in relation to the supply of corn kernels by the Nongfa Group to the Group on an ongoing basis for a fixed period of three years ending on 31 December 2029.

On 20 October 2026, the Company (for itself and on behalf of its subsidiaries from time to time) entered into the 2026 Master Sales Agreement with Nongfa (for itself and on behalf of its subsidiaries from time to time) in relation to the supply of Corn Starch and Other Corn Refined Products by the Group to the Nongfa Group on an ongoing basis for a fixed period of three years ending on 31 December 2029.

As at the Latest Practicable Date, Nongfa is interested in approximately 49.49% of the entire issued share capital of the Company (excluding 4,456,000 Treasury Shares) through its control in PRC LLP, which indirectly holds the entire issued share capital of Modern Agricultural. As such, Nongfa is a connected person of the Company. Accordingly, the respective transactions contemplated under the 2026 Master Supply Agreement and the 2026 Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the annual caps under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement for each of the three years ending 31 December 2029 are expected to represent more than 5% for one or more of the applicable percentage ratios under the Listing Rules or the considerations are expected to exceed HK$10,000,000, the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, and their respective annual caps therefore are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the continuing connected transactions contemplated under each of the 2026 Master Supply Agreement, the 2026 Master Sales Agreement, and their respective annual caps are on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We, Octal Capital, have been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in this regard. During the last two years, there was no engagement between the Company and us. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executives of the Company and substantial shareholders or any of their respective subsidiaries or associates. As at the Latest Practicable Date, we were not connected with the directors, chief executives and substantial shareholders of the Company, or the directors, chief executives and substantial shareholders of Nongfa, or any of their respective subsidiaries or associates, and do not have any shareholding, directly or indirectly, 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. Accordingly, we consider that we are independent to act as the IFA pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and the management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information, among other things, (i) the 2026 Master Supply Agreement and the 2026 Master Sales Agreement; (ii) the annual report of the Company for the year ended 31 December 2025 (the "**2025 Annual Report**") and the interim report of the Company for the six months ended 30 June 2026 (the "**2026 Interim Report**"); (iii) other information as set out in the Circular; and (iv) the relevant market data and information available from public sources, to reach an informed view and justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group and their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement and the respective transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Group is principally engaged in the manufacture and sale of corn refined products and corn-based biochemical products in the PRC. The Group commenced the trading of Corn Starch and Other Corn Refined Products to diversify its business operations in this year.

2. Background of Nongfa

Nongfa is principally engaged in the investment in agriculture, sale and purchase of grain, distribution of agricultural products and provision of agricultural science and technology services. As at the Latest Practicable Date, Nongfa is owned as to 90.0% by Jilin SASAC and as to 10.0% by Jilin DOF. Both of Jilin SASAC and Jilin DOF are the PRC Governmental Bodies.

3. Financial information of the Group

Review of financial performance

The table below sets out the audited financial information of the Group for the years ended 31 December 2024 and 31 December 2025 (the "**FY2024**" and "**FY2025**"), and unaudited financial information of the Group for the six months periods ended 30 June 2025 and 30 June 2026 (the "**HY2025**" and "**HY2026**") extracted from the 2025 Annual Report and the 2026 Interim Report.

	HY2026	**HY2025**	**FY2025**	**FY2024**
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
– Upstream products	224,045	169,661	335,029	264,151
– Amino acids	751,544	1,016,322	1,943,503	1,736,944
– Trading	28,225	–	–	–
Total Revenue	1,003,814	1,185,983	2,278,532	2,001,095
Gross profit	2,915	161,197	196,441	190,972
Profit/(loss) after tax	(206,862)	(154,734)	156,297	769,598

FY2024 vs FY2025

The revenue of the Group for FY2025 amounted to approximately HK$2,278.5 million, representing an increase of approximately 13.9% as compared to approximately HK$2,001.1 million for FY2024, which was primarily attributable to enhanced utilisation of its production facilities in response to the keen competition in the domestic market in the PRC. Starting from the second half of FY2025, the European Union ("**EU**") and the United States ("**US**") have imposed definitive anti-dumping duties and countervailing duty investigations on amino acids products from the PRC. As a result, local suppliers in the PRC tended to sell their amino acids products in the domestic market, and the Group has adjusted the amino acid production volume to achieve an optimal production operation rate to tackle the oversupply of amino acids products in the PRC during the last quarter of FY2025. In FY2025, the Group's overall sales volume reached approximately 522,000 MT, representing a year-on-year growth of approximately 36.6% as compared to approximately 382,000 MT in FY2024.

Coupled with the increase in revenue, the Group's gross profit increased by approximately 2.8% from approximately HK$191.0 million for FY2024 to approximately HK$196.4 million for FY2025 with a gross margin of 8.6% for FY2025 which decreased from 9.5% for FY2024. The Group's decreased gross margin for FY2025 was due to the combined effects of (i) decrease in overall average selling price by 15.1%; and (ii) decrease in overall average production cost per unit by 14.0% amid enhanced utilisation of production capacity during FY2025.

The Group's profit after tax decreased by approximately 79.7% from approximately HK$769.6 million for FY2024 to approximately HK$156.3 million for FY2025, mainly due to (i) the recognition of one-off gain in relation to arrangements to settle the Group's loans owed to multiple debtors of approximately HK$511.2 million; (ii) the recognition of one-off gain in relation to the debt restructuring to settle the Group's debt owed to multiple suppliers of approximately HK$231.4 million; (iii) the substantial reduction in the administrative expenses resulted from the deconsolidation of a group of former subsidiaries of the Company; (iv) substantial reduction in the other expenses mainly attributable to the absence of the loss on properties revaluation of approximately HK$402.9 million and written off of property, plant and equipment of approximately HK$311.4 million during FY2025, where such expenses were recognised in FY2024; and (v) offsetting the absence of the significant one-off gain on disposal of subsidiaries of approximately HK$1,962.1 million during FY2025, where such gain was recognised in FY2024.

HY2025 vs HY2026

The revenue of the Group for HY2026 amounted to approximately HK$1,003.8 million, representing a decrease of approximately 15.4% as compared to approximately HK$1,186.0 million for HY2025. Such decrease was mainly attributable to the continued impact of the trade barriers and intensified domestic competition as mentioned above, which resulted in a decrease in the revenue of amino acid products by approximately HK$264.8 million from approximately HK$1,016.3 million for HY2025 to approximately HK$751.5 million for HY2026. The decrease in amino acids revenue was partially offset by (i) the increase in sales of upstream products by approximately HK$54.3 million for HY2026; and (ii) the commencement of the trading of corn and other corn refined products generating revenue of approximately HK$28.2 million for HY2026.

With the decrease in revenue, the Group's gross profit decreased by approximately 98.2% from approximately HK$161.2 million for HY2025 to approximately HK$2.9 million for HY2026, with a gross margin of 0.3% for HY2026, decreased from 13.6% for HY2025. The Group's decreased gross margin was due to the combined effects of (i) overall average production cost per unit increased by approximately 15.9%; and (ii) overall average selling price which merely increased by approximately 0.4%, amid intensified competition in the domestic amino acids market. In particular, the amino acids segment recorded a gross loss of approximately HK$8.9 million, while the upstream products and trading segments recorded a gross profit of approximately HK$10.7 million and approximately HK$1.1 million respectively for HY2026, which enabled the Group to maintain a positive overall gross profit for HY2026.

The Group's loss after tax increased by approximately HK$52.2 million from approximately HK$154.7 million for HY2025 to approximately HK$206.9 million for HY2026, mainly due to (i) the sharp decline in gross profit by approximately HK$158.3 million; (ii) the increase in administrative expenses by approximately HK$13.0 million, primarily attributable to the additional administrative expenses incurred by the research center and pilot testing facilities at the Xinglongshan site for commercialisation of various bio-fermentation ingredients; and (iii) offsetting the decrease in finance costs of approximately HK$99.3 million, mainly attributable to the absence of the imputed interests of convertible bonds in the principal amount of approximately HK$1,086.3 million issued by the Company and fully converted into Shares on 2 October 2025.

Review of financial position

Major items of the audited consolidated financial position of the Group as at 31 December 2024 and 2025, and the unaudited consolidated financial position of the Group as at 30 June 2026 extracted from the 2025 Annual Report and the 2026 Interim Report are summarised in the following table.

	As at		
	30 June 2026	**31 December 2025**	**31 December 2024**
	(Unaudited)	*(Audited)*	*(Audited)*
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	2,411,773	2,376,391	2,442,420
Current assets	2,464,507	2,242,549	2,099,762
Total assets	**4,876,280**	**4,618,940**	**4,542,182**
Non-current liabilities	(584,386)	(569,427)	(10,427)
Current liabilities	(5,106,111)	(4,568,037)	(6,486,145)
Total liabilities	**(5,690,497)**	**(5,137,464)**	**(6,496,572)**
Net current liabilities	**(2,641,604)**	**(2,325,488)**	**(4,386,383)**
Net liabilities	**(814,217)**	**(518,524)**	**(1,954,390)**

Total assets

As at 30 June 2026, the major components of the Group's total assets of approximately HK$4,876.3 million were property, plant and equipment, amounts due from former subsidiaries, and trade and other receivables (trade receivables plus prepayments, deposits and other receivables), which represented approximately 43.0%, 37.4% and 6.2% of total assets, and amounted to approximately HK$2,098.8 million, HK$1,822.0 million and HK$303.6 million respectively, in aggregate accounted for approximately 86.6% of total assets.

The total assets of the Group had been increasing from approximately HK$4,542.2 million as at 31 December 2024 to approximately HK$4,876.3 million as at 30 June 2026, among which: (i) the amounts due from former subsidiaries increased by approximately HK$377.4 million; (ii) the cash and bank balances increased by approximately HK$40.9 million; and (iii) trade and other receivables (trade receivables plus prepayments, deposits and other receivables) decreased by approximately HK$16.0 million.

Total liabilities

As at 30 June 2026, the major components of the Group's total liabilities of approximately HK$5,690.5 million were trade and other payables (trade payables plus other payables and accruals) and interest-bearing bank and other borrowings, which represented approximately 67.2% and 32.7% of total liabilities, and amounted to approximately HK$3,821.8 million and HK$1,860.7 million respectively, in aggregate accounted for approximately 99.9% of total liabilities.

The total liabilities of the Group decreased from approximately HK$6,496.6 million as at 31 December 2024 to approximately HK$5,690.5 million as at 30 June 2026, among which: (i) the convertible bonds decreased by approximately HK$958.8 million; (ii) the interest-bearing bank and other borrowings increased by approximately HK$167.0 million; and (iii) trade and other payables (trade payables plus other payables and accruals) decreased by approximately HK$11.6 million.

Net current liabilities

The Group had net current liabilities of approximately HK$2,641.6 million as at 30 June 2026, mainly contributed by (i) current assets of trade and other receivables (trade receivables plus prepayments, deposits and other receivables) amounted to approximately HK$303.6 million; (ii) current assets of amounts due from former subsidiaries amounted to approximately HK$1,822.0 million; and (iii) current liabilities of trade and other payables (trade payables plus other payables and accruals) amounted to approximately HK$3,821.8 million.

The Group's net current liabilities decreased significantly from approximately HK$4,386.4 million as at 31 December 2024 to approximately HK$2,641.6 million as at 30 June 2026, representing a decrease of approximately HK$1,744.8 million, or 39.8%. This was mainly due to the (i) increase in amounts due from former subsidiaries by approximately HK$377.4 million; (ii) decrease in convertible bonds from approximately HK$958.8 million to nil, and (iii) decrease in current portion of interest-bearing bank and other borrowings by approximately HK$409.6 million.

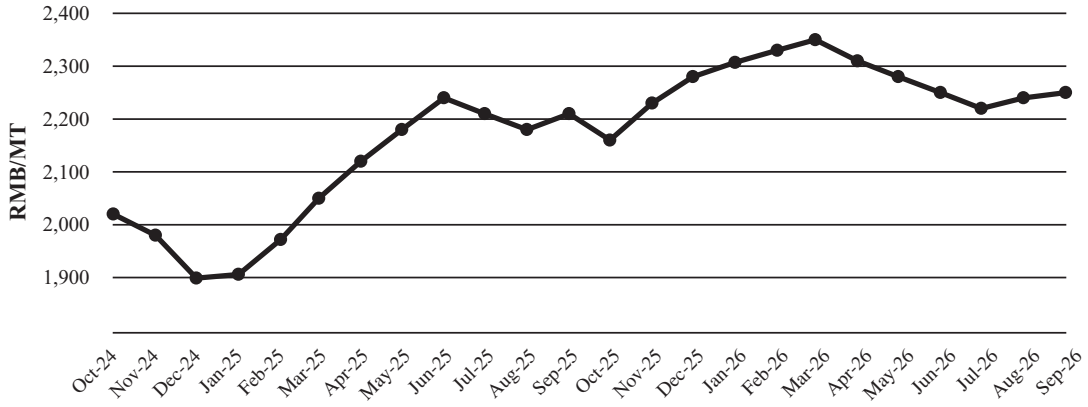
Net liabilities

With increased total assets and reduced total liabilities, the Group's net liabilities dropped from approximately HK$1,954.4 million as at 31 December 2024 to approximately HK$814.2 million as at 30 June 2026.

4. Industry overview

The following graph shows the monthly corn kernel price in Changchun City of Jilin Province for the recent two years period from October 2024 to September 2026.

Corn Kernel Price in Changchun City of Jilin Province



Source: Mysteel (www.mysteel.com)

Note: The prices are ex-warehouse loading price for bulk corn kernel, inclusive of value-added-tax, loading/unloading fees and weighing fees.

The above corn kernel price trend was based on the monthly corn kernel price in corn commodity market in Changchun City of Jilin Province reported by Mysteel, a leading commodity data provider which also serves multiple national bureaus and commissions including National Bureau of Statistics of China (國家統計局) and National Development and Reform Commission (國家發展和改革委員會). We consider that the regional market price is representative to the market environment of the Company's operation, as the Company's production facilities are all in Changchun City of Jilin Province.

From the above chart, we observed an overall upward trend for the corn kernel price, increased from around RMB2,020 per MT in October 2024 to around RMB2,250 per MT in September 2026.

Beneath the overall upward trend, we also observed that the monthly corn kernel price has shown a seasonal effect, with cyclical fluctuations from the second half of previous year to first half of next year annually. During the period from October 2024 to September 2025, the corn kernel price moved upward from the trough of the period at around RMB1,899 per MT in December 2024 to the peak of the period at around RMB2,240 per MT in June 2025, representing an increase of approximately 18.0%. Similarly, during the period from October 2025 and September 2026, the corn kernel price reached the trough at around RMB2,160 per MT in October 2025 and moved upward to the peak at RMB2,350 per MT in March 2026, representing an increase of approximately 8.8%.

The management of the Company advised that the seasonal effects were mainly contributed by the natural growing cycle of corn in Changchun City, where planting takes place from April to May, harvesting occurs from October to November. Accordingly, corn kernel price generally (i) reach its trough close to each of the year end with supply of corn harvested in recent months; and (ii) gradually recover and reach its peak till the middle of the year with less remaining inventory but continuing demand for production and consumption. This seasonal pattern is consistent with our understanding of the corn growing cycle in the northeast agricultural zone of the PRC, as described in the academic study "Spatio-temporal characteristics of the hydrothermal conditions in the growth period and various growth stages of maize in China from 1960 to 2018" (《1960-2018年中國玉米生育期及各生育階段水熱條件時空變化特徵》) published in Chinese Journal of Eco-Agricultural (《中國生態農業學報》) in 2021. The study likewise reports an April to May sowing period and places the final growth stage in September each year. As such, we consider that the market price trend above is relevant and applicable to the Group's corn kernel procurement operation.

5. Reasons for and benefits of the 2026 Master Supply Agreement

Corn kernels are core raw materials of the Group's products. The corn kernels will be refined to corn starch, gluten meal, fiber and corn oil and these are the upstream products of the Group. The corn starch is further refined through a series of biochemical and/or chemical process into a wide range of high value-added downstream products such as amino acids, corn sweeteners and polyol chemicals.

As set out in the Letter from the Board, the Nongfa Group has been providing a stable supply of quality corn kernels to the Group as one of the Group's suppliers in the past years under the 2023 Master Supply Agreement. In contemplation of the expiration of the 2023 Master Supply Agreement in December 2026, the Company entered into the 2026 Master Supply Agreement with Nongfa in order to continue to take advantage of the strong and stable business relationship between the Nongfa Group and the Group to better source its required quantity of corn kernels with higher flexibility and in close proximity to the Group's production sites.

Nongfa is ultimately controlled by Jilin SASAC. Given its state-owned background and dominant position in the agricultural sector in Jilin Province, the Nongfa Group is capable to collect corn kernels from numerous farmers and maintain a high inventory level of corn kernels. As advised by the management of the Company, unlike direct procurement from local farmers and individual suppliers, who generally mandate prompt settlement upon delivery or advance prepayments under standard market practices, Nongfa Group is willing to grant the Group an extended credit period with more favourable overdue interest rates. Moreover, as stated in the Letter from the Board, the production facilities and grain storage sites of the Nongfa Group are located in various cities in Jilin Province. Coupled with the Nongfa Group's core storage capacity of at least 2,000,000 MT, the proximate sites of the Nongfa Group allow the Group to procure a

large volume of corn kernels with lower administrative cost as compared with procuring from local farmers and suppliers. The increasing price trend, as discussed in the paragraphs headed "4. Industry overview" in this letter, further revealed the needs of the Group to maintain a reliable alternative to source purchase of corn in large volume. The Group would like to leverage on its strong and stable business relationship with the Nongfa Group for all these years to obtain a stable supply of quality corn kernels to facilitate the Group's production, as well as the Group's plan to shift its product portfolio toward higher-margin bio-fermentation products.

Furthermore, the 2026 Master Supply Agreement is a non-exclusive supply arrangement, and the Group has no procurement commitment with the Nongfa Group. We are advised by the management of the Company that given the Group has maintained a diversified list of suppliers and there is abundant supply of corn kernels in the relevant area, the Group has the flexibility to source corn kernels from independent third party suppliers at any time if the prices and terms offered by independent third party suppliers are more favourable than those offered by the Nongfa Group. According to Xinhua News Agency (新華社), Jilin Province, located at one of the three "Golden Corn Belts" in the world, is a major grain production base in the PRC. With reference to latest data from National Bureau of Statistics (國家統計局), the corn production volume of Jilin Province recorded approximately 33.8 million MT and 34.6 million MT during 2023 and 2024 respectively, and Jilin Province has been the second largest provincial corn plantation in the PRC for over 10 years since 2013. There are many farmer cooperatives and corn plantation enterprises established in Jilin Province. Therefore, we consider that Jilin Province has sufficient supply of corn to support the Group's demand on corn kernels. Moreover, during the eight months period of 2026, the Group has been purchased corn kernels from at least 809 independent third party suppliers and farmers for approximately 214,000 MT of corn kernels. Apart from the Nongfa Group, the Group have sufficient alternative channels to source corn kernels in the market.

We have also looked into the Group's current operating situation and high indebtedness position. The Group recorded net loss of approximately HK$206.9 million during HY2026; and maintained net current liabilities of approximately HK$2,641.6 million and net liabilities of approximately HK$814.2 million as at 30 June 2026. In recent years, while net cashflow from operating activities has been improved, but the Group has not yet achieved profitability and faced very tight working capital position, even after the progression of a series of settlement arrangements and debt restructuring arrangements. Procuring raw materials from the Nongfa Group, which offers flexible credit terms with favourable overdue interest rate, can ease working capital pressure of the Group and is beneficial to the Group.

Having considered that (i) the long-term and stable business relationship between the Nongfa Group and the Group; (ii) the flexible credit terms and better overdue interest rates offered by the Nongfa Group as compared to independent third party suppliers and farmers; (iii) the Nongfa Group's large storage capacity of corn kernels; (iv) the non-exclusive nature of the supplier arrangement with the Nongfa Group; and (v) there is no procurement commitment under the 2026 Master Supply Agreement, we are of the view that entering into the 2026 Master Supply Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

6. Reasons for and benefits of the 2026 Master Sales Agreement

As advised by the management of the Company, the Nongfa Group is consolidating the agricultural sector of Jilin Province and it has approximately 51 entities in Jilin Province and these entities operate in a wide range of agriculture-related businesses, including soft commodity trading and operations in the breeding industry. The 2026 Master Sales Agreement is a non-exclusive sales agreement, under which the Group is not restricted to sell the Corn Starch and Other Corn Refined Products to other independent third party customers. By entering into the 2026 Master Sales Agreement with the Nongfa Group, the Group will secure an additional sales channel of the Corn Starch and Other Corn Refined Products. The Nongfa Group's broad sales network in Jilin Province may support the Group to increase its market shares in Jilin Province.

Moreover, the Nongfa Group is willing to accept a shorter credit term, compared to the credit period of 30 to 90 days given to the existing customers of the Group. The shorter credit period could improve the Group's trade receivable turnover days and enhance the Group's cash inflow. Given that the Nongfa Group is controlled by Jilin SASAC, the credit risk of the Nongfa Group is comparatively lower than other independent third party customers.

Having considered (i) the introduction of the Nongfa Group as customer may support the Group to increase its market share; and (ii) the credit period of the Nongfa Group is shorter than other independent third party customers and the credit risk of the Nongfa Group is lower than other independent third party customers, we are of the view that there is a strong commercial rationale for the Group to enter into the 2026 Master Sales Agreement and we consider that the entering into the 2026 Master Sales Agreement is in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole.

7. Terms of the 2026 Master Supply Agreement

On 20 October 2026, pursuant to the 2026 Master Supply Agreement, the Company (for itself and on behalf of its subsidiaries from time to time) appointed the Nongfa Group as one of its suppliers for corn kernels and Nongfa (for itself and on behalf of its subsidiaries from time to time) agreed to supply corn kernels to the Group. The 2026 Master Supply Agreement shall become effective from 1 January 2027 and expiring on 31 December 2029 with the right of either party to effect an early termination by giving no less than three months' written notice to the other party.

Pursuant to the 2026 Master Supply Agreement, members of the Group shall enter into purchase orders or sales contracts with the relevant member(s) of the Nongfa Group from time to time during the term of the 2026 Master Supply Agreement for the purposes of confirming the purchase of corn kernels by the Group from the Nongfa Group. Such purchase orders or sales contracts shall specify the detailed terms of such purchase, including but not limited to the form of delivery, payment and remittance time and method (and where there is any delay in payment by the relevant member(s) of the Group, the interest rate chargeable by the relevant member(s) of the Nongfa Group shall not exceed the highest payment overdue interest rate charged by the relevant member(s) of the Nongfa Group to its independent third party customers in other transactions of the same type during the 180-day period immediately preceding the date of the relevant purchase order or sales contract), quality warranties and inspection, and the respective rights and obligations of each party to such purchase order or sales contract, provided that such separate purchase order or sales contract shall be for a fixed term and in any event not exceeding the term of the 2026 Master Supply Agreement, at pricing terms and otherwise on terms in compliance with those set out in the 2026 Master Supply Agreement.

(a) Pricing policy for the 2026 Master Supply Agreement

We noted that the Nongfa Group shall supply corn kernels to the Group at a price not higher than the highest price of the below (price exclusive of transportation and storage fees, interests, handling fee and/or other fees including transfer fees, unloading fees and warehouse release costs):

(1) the average unit corn transaction price (玉米單位平均交割結算價) of the latest trade matching day available on the official website of Dalian Commodity Exchange as at the date on which the relevant member(s) of the Group proposes to place purchase order or enter into sales contract with the relevant member(s) of the Nongfa Group, being calculated by averaging the unit corn transaction prices (單位交割結算價) of all corn transactions on the said latest trade matching day; and

(2) the highest corn procurement price (最高玉米收購價格) in Jilin Province for the most recent day published on Mysteel (www.mysteel.com), an independent third party price consulting platform, as at the date on which the relevant member(s) of the Group proposes to place purchase order or enter into sales contracts with the relevant member(s) of the Nongfa Group,

provided that if any of the above websites are, for any reason(s), unable to function normally, be accessed or provide valid price information, then such highest price (exclusive of transportation and storage fees, interests, handling fee and/or other fees including transfer fees, unloading fees and warehouse release costs) shall be the unit corn price as published on any other website(s) of similar standing and/or credibility as approved by the Board and the audit committee of the Company.

Furthermore, to ensure that price of each individual transaction under the 2026 Master Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders, the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Supply Agreement from time to time to ensure that the price of corn kernels supplied by the Nongfa Group to the Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the price of corn kernels in each individual transaction has been accurately attained from each source prior to determining the final price of the corn kernels for each transaction. The Group has also established the Pricing Committee responsible for reviewing the corn procurement models, procurement strategies and guidance prices on a regular basis. The Pricing Committee comprises the deputy general manager of the Group in charge of production, the chief accountant of the Company, the deputy general manager of the Group in charge of procurement and sales, and the department head of the safety production department. The Pricing Committee shall hold regular meetings to determine the purchase price of corn kernels under the 2026 Master Supply Agreement with reference to market information including procurement prices adopted by nearby corn-deep processing enterprises, the Group's inventory levels and pricing information from the above two independent public sources. The Pricing Committee will also compare the purchase price of corn kernels offered by the Group's independent third party suppliers before determining the guidance price for procurement under the 2026 Master Supply Agreement, so as to ensure that the guidance price set will not exceed the prices quoted by the independent third party suppliers of the Group. The procurement department of the Group shall then compare the guidance price approved by the Pricing Committee with the proposed purchase price of corn kernels before entering into any procurement transaction with the Nongfa Group. Having considered that the purchase prices are determined with reference to market information, the Group's inventory levels and independent public sources, we consider the review mechanism under the Pricing Committee to be an additional measure to ensure that the purchase prices of corn kernels under the 2026 Master Supply Agreement are appropriate for the Group's operating conditions and consistent with market levels. We have reviewed four sample purchase transactions with Nongfa Group for each of the three years ended 31 December 2026 so that our review may cover multiple months in each of the most recent three year. For each sample, we noted that the relevant guidance price was determined with reference to, among other factors, prices offered by nearby corn deep-processing enterprises, and was subject to the approval of the Pricing Committee, while the purchase price in each sample transaction was in line with its respective guidance price. This result demonstrates the effectiveness of the review mechanism under the Pricing Committee to ensure that price of each individual transaction under the 2026 Master Supply Agreement are conducted on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

In order to assess the fairness and reasonableness of the price determination as set out in the 2026 Master Supply Agreement, we have discussed with the management of the Company and were advised that these two price references were chosen because of their data transparency. We have looked into these two websites and noted that the bid and ask prices of corn kernels in different regions of China are publicly available and easily accessible. The average unit corn transaction price for corn futures indicated on the official website of Dalian Commodity Exchange reflects the market speculation on the corn price based on the future supply and demand situations. According to International Swaps and Derivatives Association, a global trade organisation for derivatives market participants, Dalian Commodity Exchange, founded in 1993, is one of the world's largest agricultural futures market. The leading position in the global agricultural futures market supports Dalian Commodity Exchange's corn futures prices to be a representative market benchmark for corn prices. On the other hand, the information provided by Mysteel (www.mysteel.com) reflected the prices of actual transactions in relation to corn kernels in the PRC which are good indicators of market trading price. Mysteel was established since 2000 and is now one of the major market information providers in the PRC which is specialised in the provision of commodity market information in the PRC to the industry participants. Mysteel's data services also serve multiple national bureaus and commissions including National Bureau of Statistics of China (國家統計局) and National Development and Reform Commission (國家發展和改革委員會). Based on the above analysis, we consider that the price information shown on the two websites are reasonable indicators for the Group to determine the purchase price of corn kernels with the Nongfa Group.

In addition, we noted that the highest price (instead of other statistics) of corn procurement price in Jilin Province published on Mysteel was adopted as one of the price reference when determining the purchase price of corn kernels under the 2026 Master Supply Agreement. As mentioned in the Letter from the Board, as the price published by Mysteel represents the highest procurement price quoted by market participants in Jilin Province for the relevant day, it serves as an objective and independent reference point for establishing the maximum permissible purchase price under the pricing mechanism. The Directors consider that adopting the highest procurement price as a pricing ceiling is appropriate as it provides a transparent and publicly available benchmark representing the upper end of the prevailing spot market price range in the relevant regional market, which enable the Group to ensure that the purchase price of corn kernels under the 2026 Master Supply Agreement will not exceed such prevailing market range. We consider that the adoption of the highest procurement price as a pricing ceiling is appropriate, taking into account that (i) different market participants in Jilin Province may have different market expectations and inventory levels; and (ii) a pricing ceiling therefore keeps the procurement price anchored to the prevailing market level, without being unduly influenced by quotes from participants operating under different business conditions.

Moreover, we noted that the final price reference, when determining the purchase price of corn kernels under the 2026 Master Supply Agreement, is the higher of (i) average corn transaction price on the official website of Dalian Commodity Exchange and (ii) the highest price of corn procurement price in Jilin Province published on Mysteel. As mentioned in the Letter from the Board, the Directors note that local spot market prices may, from time to time, differ from exchange-traded prices due to regional supply and demand conditions, factors such as transportation and logistics costs, freight expenses and other market conditions. We consider that the adoption of such pricing mechanism as another price ceiling is appropriate, taking into account that (i) local spot market prices may be subject to regional market conditions and reflect only the views of supplier participants who quoted prices on the Mysteel website for bulk corn kernel purchase; (ii) the futures market may reflect price trends and market expectations across a broader geographical area in the PRC and a wider range of participants, not limited to physical corn suppliers; and (iii) such pricing ceiling therefore keeps the purchase price of corn kernels under the 2026 Master Supply Agreement within the prevailing market range reflected by both references, without being unduly constrained by either one alone.

To review the latest effectiveness of the pricing policy for historical transactions with the Nongfa Group, we have reviewed purchase transactions of corn kernels in 2026 entered into between the Group and the Nongfa Group as well as the independent third party suppliers on a sample basis. Among these selected samples, we noted that the purchase prices with the Nongfa Group are in line with the benchmark rates under the then pricing policy and the credit terms, including the interest rate chargeable for late payments, offered by the Nongfa Group were better than the independent third party suppliers. We considered that these transaction reviewed by us are sufficient and representative for our due diligence purpose.

(b) Existing annual caps and historical purchase transactions

Based on information provided by the Company, we summarise in the following table (i) the existing annual caps under the 2023 Master Supply Agreement for each of the three financial years ending 31 December 2026 (the "**Existing Caps**"); and (ii) the actual transaction amounts for the two years ended 31 December 2025 and the eight months ended 31 August 2026 (the "**Historical Amount(s)**").

Relevant year/period	**Existing Caps** *HK$'000*	**Historical Amounts** *HK$'000*	**Utilisation rate of the Historical Amounts over the Existing Caps** *%*
Year ended 31 December 2024	1,591,000	401,853	25.3
Year ended 31 December 2025	2,045,000	682,066	33.4
Eight months ended 31 August 2026	2,045,000	495,132	24.2

Comparison for annualised amount (Note)

Relevant period	Existing Caps	Annualised Historical Amount *(Note)*	Utilisation rate of the annualised Historical Amount over the Existing Caps
	HK$'000	*HK$'000*	*%*
Eight months ended 31 August 2026	2,045,000	742,698	36.3

Note: The annualised amount represents Historical Amount of relevant period annualised by dividing number of months during the relevant period and multiplying the result by twelve, the number of months in one full year, for comparison and illustration purpose. Accordingly, the annualised Historical Amount, for purchase transactions with Nongfa Group for the eight months ended 31 August 2026 of approximately HK$742,698,000, is calculated by dividing the corresponding Historical Amount of approximately HK$495,132,000 by eight and multiplying by twelve.

The utilisation rates of the Existing Caps were approximately 25.3%, 33.4% and 36.3% for the two years ended 31 December 2025 and the eight months ended 31 August 2026 on an annualised basis, respectively.

Based on our discussion with the management of the Company, the low utilisation rates were mainly due to the revamping and reviving of the production facilities of 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-Tech Development Co., Ltd.*) ("**Changchun Dacheng**"), a subsidiary of the Company, was not implemented as planned, after considering required funding of the plan and other considerations. Accordingly, with maximum production capacity fell short of expectation during the two years ended 31 December 2025 and the eight months ended 31 August 2026, the purchase transaction amounts were lower than expected. As advised by the management of the Company, the proposed annual caps of the 2026 Master Supply Agreement no longer incorporated the production capacity under Changchun Dacheng.

Apart from that, the Group's production site under its subsidiary, 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.*) ("**Changchun Dahe**") implemented the Boiler Refurbishment Project in 2026, and thus temporarily reduced the maximum production capacity. Following completion of the Boiler Refurbishment Project in August 2026, Changchun Dahe resumed normal operation of its production facilities, which is expected to increase the Group's demand for corn kernels and, accordingly, the expected purchase transactions with Nongfa Group in future years.

(c) Proposed annual caps for the 2026 Master Supply Agreement

The following table sets out the proposed annual caps of the 2026 Master Supply Agreement:

	For the year ending 31 December		
	2027	**2028**	**2029**
	HK$'000	*HK$'000*	*HK$'000*
Proposed annual caps	940,484	957,507	975,508

The proposed annual caps under the 2026 Master Supply Agreement have been determined with reference to (i) the estimated demand of the Group for corn kernels as contemplated under the 2026 Master Supply Agreement, taking into account the production capacity of the Group's production facilities and the development of its trading business during the term of the 2026 Master Supply Agreement; (ii) the historical and current price trend of corn kernels; and (iii) the historical transaction volume between the Nongfa Group and the Group in relation to the supply of corn kernels by the Nongfa Group to the Group pursuant to the 2023 Master Supply Agreement.

We understand from the management of the Company that the proposed annual caps are prepared on the basis of multiplying the estimated price of the corn kernels per MT by the estimated quantity to be purchased by two subsidiaries of the Group (i.e. Changchun Dahe and 長春大成大合生物技術開發有限公司 (Changchun Dacheng Dahe Bio-Tech Development Co., Ltd.*) ("**Dacheng Dahe**")) from the Nongfa Group.

The Company expects the quantity of corn kernels to be purchased by the Group for the three years ending 31 December 2029 under the 2026 Master Supply Agreement shall be 400,000 MT (amounting to approximately HK$940,484,000), 400,000 MT (amounting to approximately HK$957,507,000) and 400,000 MT (amounting to approximately HK$975,508,000), based on the projection of corn prices according to the recent purchase prices of corn kernels and with reference to the Group's demand for corn kernels and the market demands of the respective products of the Group during the term of the 2026 Master Supply Agreement.

The total amount of corn kernels expected to be purchased by the Group for each of the three years ending 31 December 2029 is determined based on the recent market prices of corn kernels with reference to the recent average purchase price of corn kernels by the Group for the eight months ended 31 August 2026, being approximately HK$2,318 per MT multiplied by the Group's expected demand (in terms of quantity) for corn kernels.

According to the Letter from the Board, it is noted that the proposed annual caps under the 2026 Master Supply Agreement for the three years ending 31 December 2029 are substantially lower than the existing annual caps under the 2023 Master Supply Agreement. Such decrease is primarily attributable to the relatively low utilisation rates of the existing annual caps, which resulted from the revamping and revitalisation of the production facilities of Changchun Dacheng, a wholly-owned subsidiary of the Company, at the Xinglongshan production site not being implemented as originally planned. When the existing annual caps under the 2023 Master Supply Agreement were determined, it was anticipated that the Xinglongshan production facilities would resume operation and contribute additional production capacity of approximately 800,000 MT per annum. However, as at the Latest Practicable Date, the Xinglongshan production facilities remain suspended and there is currently no concrete timetable or definitive plan for the resumption of its operations. Accordingly, in determining the proposed annual caps under the 2026 Master Supply Agreement, the Directors have adopted a prudent and realistic approach by excluding any assumed contribution from the Xinglongshan production facilities.

For the purpose of estimating the expected demand (in terms of quantity) for corn kernels for the three years ending 31 December 2029, the Directors have taken into account (a) the actual processing capacity of corn kernels at the Group's Dehui production site following the completion of the Boiler Refurbishment Project in respect of the boiler facilities at the production site of Changchun Dahe, which was completed in August 2026; and (b) the cooperation agreement entered into between Dacheng Dahe and 神舟生物科技有限責任公司 (Shenzhou Biology & Technology Co., Ltd.*) for the production of coenzyme Q10 mycelium (the "**Coenzyme Q10 Project**"), where the civil construction works for the first phase of the Coenzyme Q10 Project at the Dehui production site are expected to be completed in January 2027. It is expected that the Group's product portfolio will shift toward higher-margin bio-fermentation products, enabling the Dehui production site to maximise its overall production efficiency upon completion of the first phase of the Coenzyme Q10 Project.

In particular, the Directors have considered the historical procurement volume of corn kernels, which increased significantly from approximately 471,000 MT in 2024 to 830,000 MT in 2025. The increase was mainly driven by (i) the Group's efforts to maximise production capacity utilisation in order to reduce average overhead costs per unit through economies of scale; and (ii) the Group's strategic decision to increase procurement when market prices were relatively favourable, in light of the overall upward trend in corn prices, so as to secure adequate raw material inventory at lower procurement costs. Procurement volume during the eight months ended 31 August 2026 was approximately 425,000 MT, which was lower than the level recorded in 2025. Such decrease was primarily attributable to the Boiler Refurbishment Project undertaken at the Group's Dehui production site and the tightened cashflow of the Group during 2026, which temporarily affected production capacity and consequently reduced the Group's procurement requirements for corn kernels during the period. Following the completion of the Boiler Refurbishment Project, the Directors expect that the Dehui production site will resume to normal operations and gradually ramp up utilisation. Coupled with the anticipation of mass production of coenzyme Q10 mycelium in 2027 under the Coenzyme Q10 Project, the Directors currently estimate that approximately 600,000 MT of corn kernels per annum would be required for the Group to operate at maximum production capacity. The Directors noted that the volume of corn kernels procured by the Group in 2025 of approximately 830,000 MT was higher than the expected volume of corn kernels required for the Group to operate at maximum production capacity. As illustrated above, such difference was primarily attributable to the unconventional procurement strategy adopted by the Group in light of the rising price trend in corn kernel prices, pursuant to which the Group increased its procurement of corn kernels at relatively favourable market prices to lower overall procurement costs. Considering the financial resources of the Group, the Directors currently intend to maintain inventory at a prudent level and expects to procure corn kernels principally in line with actual business and production needs during the term of the 2026 Master Supply Agreement. In arriving at the estimated procurement of corn kernels per annum of approximately 600,000 MT, the Directors also took into account the development of its newly commenced trading business. The Group commenced the business of trading of corn starch, corn-based by-products and amino acids in 2026. Under this business model, the Group procures relevant products, including corn kernels, for onward sale to downstream customers in the breeding industry, thereby contributing to its overall procurement demand for corn kernels. Based on the current estimation, approximately 80.0% of the corn kernels procured from Nongfa will be used to satisfy the Group's own production needs while the remaining 20.0% will be used for the Group's trading business.

Based on the total procurement of corn kernels of approximately 600,000 MT per annum, the Directors have adopted an expected purchase quantity of 400,000 MT for each of the three years ending 31 December 2029 under the 2026 Master Supply Agreement, which represents two-third of expected total procurement of corn kernels each year. In determining this level, the Directors have considered the historical transaction amounts with the Nongfa Group. Under the 2023 Master Supply Agreement, purchases from the Nongfa Group represented approximately 39.9%, 38.8% and 49.6% of the Group's total corn kernel procurement in the two years ended 31 December 2025 and the eight months ended 31 August 2026, respectively. In particular, the Directors noted that the quantity and amount of corn kernels purchased from the Nongfa Group increased notably in 2025 as compared to 2024, which was in line with the growth in the Group's total purchase volume and amount of corn kernels during the same period as a result of maximising production capacity and strategically accumulating raw materials at lower procurement costs in 2025. The proposed allocation of approximately two-thirds of the Group's anticipated annual procurement reflects an increase from historical proportion of procurement sourced from the Nongfa Group as the Group would be able to further benefit from the favorable commercial terms offered by the Nongfa Group to enhance its working capital as further discussed in the paragraph headed "(D) Reasons for and benefits of entering into the 2026 Master Supply Agreement" in the Letter from the Board. Notwithstanding the aforesaid, the Directors deliberately allocated one-third of the Group's expected annual procurement of corn kernels to be sourced from independent third party suppliers.

We have reviewed the Group's historical procurements of corn kernels, which amounted to approximately 471,000 MT (all for production purpose) and 830,000 MT (in which 571,000 MT for production purpose and 259,000 MT for reserve purpose) for the years ended 31 December 2024 and 2025 respectively, and the annualised procurement for the eight months ended 31 August 2026, which amounted to approximately 637,000 MT (in which 459,000 MT for production purpose and 178,000 MT for trading and reserve purpose). We also noted that the procurement volume required for the Group to operate at maximum consumption of corn kernel under the Group's production capacity is 600,000 MT per year, and according to the historical procurement volume of corn kernels for production purpose above, the utilisation rates of such production capacity are 95.2% and 76.5% in 2025 and 2026 respectively. Having regard to (i) the above historical utilisation rate of approximately 95.2%, for the year ended 31 December 2025, which demonstrates the Group's track record of utilising near-full capacity when not affected by the Boiler Refurbishment Project; (ii) the completion of the Boiler Refurbishment Project in August 2026 where the Group's production level may return to normal level in 2027, from the reduced production level in 2026; (iii) the development of the Coenzyme Q10 Project which may contribute to higher utilisation rate of production capacity and higher procurement requirement with additional product demand; (iv) the higher annual quantity under the 2026 Master Supply Agreement represents approximately 66.7% of the Group's total production capacity for higher exposure of flexible credit terms, continuing the increasing trend of proportion of approximately 38.8% for year ended 31 December 2025 and approximately 49.6% for the eight months ended 31 August 2026 for historical annual procurement from Nongfa Group over total annual procurement, with the remaining approximately 33.3% to be sourced from independent third party suppliers which allows the Group to diversify its supply sources and avoid undue reliance on one single supplier under its procurement plan; and (v) the proposed annual caps of 2027 to 2029 ranging from approximately HK$940.5 million to HK$975.5 million represented approximately 45.2% to 46.9% of the Group's cost of sales of approximately

HK$2,082.1 million for the year ended 31 December 2025, which reflects the approximately 66.7% of the Group's total production capacity to be fulfilled by the annual quantity under the 2026 Master Supply Agreement may enable the Group to achieve flexible credit terms for better cashflow from near-half of the cost of sales, we consider that the expected annual quantity of 400,000 MT for each of the three years ending 31 December 2029 under the 2026 Master Supply Agreement is a reasonable estimate.

For estimating the purchase price of corn kernels for the period between 2027 and 2029, the Directors have considered the fact that the demand and supply of corn kernels in the Northern China are affected by PRC agricultural policy and geopolitical changes, as well as harvest conditions and timing which are particularly susceptible to unexpected external factors such as weather conditions and pest infestation, causing fluctuations in unit price of corn kernels over the past years. In particular, the corn kernel price in Changchun City of Jilin Province showed an overall increasing trend from 2024 to 2026. According to the information available on Mysteel, the corn kernel price in Changchun City rose from around RMB2,020 per MT in October 2024 to around RMB2,250 per MT in September 2026. Having considered the overall upward trend in corn kernel prices in recent years and the continuing uncertainties affecting the agricultural commodities market, including (i) PRC government policies that support domestic corn prices, such as state-backed reserve procurement programs and soybean-corn rotation subsidies to enhance food security, which limit the growth of corn planting acreage and provide support to domestic corn prices; (ii) evolving international trade restrictions and barriers; and (iii) ongoing changes in tariff policies, the Directors consider it appropriate to adopt the recent average purchase price of corn kernels by the Group for the eight months ended 31 August 2026 of approximately HK$2,318 per MT as the starting point when calculating the expected purchase price for the three years ending 31 December 2029 under the 2026 Master Supply Agreement.

In light of the historical upward trend in corn kernel prices and the absence of any foreseeable circumstances that would mitigate the impact of the aforementioned uncertainties in the agricultural commodities market, the Directors are of the view that such uncertainties will have an ongoing impact on the corn kernel prices and, in turn, the Group's procurement costs during the term of the 2026 Master Supply Agreement. Given such uncertainties, the Group has no current intention to further increase its production capacity, and accordingly, the proposed annual caps have been determined with reference to a fixed annual procurement volume of 600,000 MT (representing the Group's maximum production capacity), together with estimated purchase prices incorporating an annual growth rate ranging from 1.4% to 1.9%. Such annual growth rates were determined with reference to the forecasted inflation rate in the PRC during the relevant period. Applying such growth rate to the base price of approximately HK$2,318 per MT, the estimated purchase price of corn kernels applied for the three years ending 31 December 2029 is approximately HK$2,351, HK$2,394 and HK$2,439.

We noted that the estimated purchase prices for 2027 to 2029 imply annual price growth rates of approximately 1.4%, 1.8% and 1.9% for the year ending 31 December 2027, 2028 and 2029 based on the average purchase price of corn kernels by the Group for the eight months ended 31 August 2026 (the "**Average Purchase Price**") of approximately HK$2,318 per MT. As discussed in the paragraphs headed "4. Industry overview" in this letter, the corn kernel price is in an overall upward trend from around RMB2,020 per MT in October 2024 to around RMB2,250 per MT in September 2026, and we noted no one-off events that would require material adjustment to the Average Purchase Price. We consider the average purchase price for the recent period an appropriate basis for projecting future purchase prices under the ongoing upward trend of corn kernel price, as it is based on the Group's actual transactions which reflect its latest operations and market position, and avoids the potential bias of further subjective adjustments. To assess this expectation in price growth, we reviewed the most recently released producer price index ("**PPI**") published by the National Bureau of Statistics of China (國家統計局), which measures changes in the wholesale prices received by producers and manufacturers. We consider the PPI as the appropriate benchmark for assessment of the expected price growth due to corn kernel as one of the essential input for food, feeds and chemicals industries while PPI also incorporates the input wholesale prices for these industries. The published average year-on-year growth rate of the PPI for the nine months from January to September 2026 was approximately 2.3%. Apart from that we observed that the corn kernel price in the PRC was at higher level. In addition, according to the Mysteel, the average corn kernel price in the PRC had maintained at a higher level above RMB2,500 per MT and peaked at 2,985 per MT during the period from 2021 to 2023. Taking into account that the corn price is on upward trend as discussed in the paragraphs headed "4. Industry overview" in this letter, we consider the Company applying a maximum annual growth rate of approximately 1.9% at a level below the observed PPI growth is reasonable.

Based on the above analysis, we consider that the bases for setting the annual caps of the 2026 Master Supply Agreement for each of the three years ending 31 December 2029 are fair and reasonable.

8. Terms of the 2026 Master Sales Agreement

On 20 October 2026, pursuant to the 2026 Master Sales Agreement, Nongfa (for itself and on behalf of its subsidiaries from time to time) appointed the Group as one of its suppliers for Corn Starch and Other Corn Refined Products and the Company (for itself and on behalf of its subsidiaries from time to time) agrees to supply Corn Starch and Other Corn Refined Products to the Nongfa Group. The 2026 Master Sales Agreement shall become effective from the 1 January 2027 and expiring on 31 December 2029 with the right of either party to effect an earlier termination by giving no less than three months' written notice to the other party.

Pursuant to the 2026 Master Sales Agreement, the relevant member(s) of the Nongfa Group shall enter into purchase orders or sales contracts with the relevant member(s) of the Group from time to time during the term of the 2026 Master Sales Agreement for the purposes of confirming the purchase of Corn Starch and Other Corn Refined Products by the Nongfa Group from the Group. Such purchase orders or sales contracts shall specify the detailed terms of such purchase, including but not limited to the form of delivery, payment and remittance time and method (where there is any delay in payment by the relevant member(s) of the Nongfa Group, interest rate chargeable by the relevant member(s) of the Group shall not be lower than the overdue interest rate charged by the Nongfa Group to the Group in other transactions), quality warranties and inspection, and the respective rights and obligations of each party, provided that such separate purchase order or sales contract shall be for a fixed term and in any event not exceeding the term of the 2026 Master Sales Agreement, at pricing terms and otherwise on terms in compliance with those set out in the 2026 Master Sales Agreement.

(a) Pricing policy for the 2026 Master Sales Agreement

We noted that the Group will supply Corn Starch and Other Corn Refined Products to the Nongfa Group at market rates and the unit price charged by the Group shall not be lower than the average unit price of Corn Starch and Other Corn Refined Products of the same or similar type sold by the Group to independent third parties in the most recent five transactions (price exclusive of transportation and storage costs, insurance costs, interest and/or other handling charges).

To ensure the price of each individual transaction under the 2026 Master Sales Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Sales Agreement from time to time to ensure that the price of Corn Starch and Other Corn Refined Products supplied by the Group to the Nongfa Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the price of Corn Starch and Other Corn Refined Products in each individual transaction has been accurately attained prior to determining the final prices of Corn Starch and Other Corn Refined Products for each transaction.

For the purpose of the 2026 Master Sales Agreement, "market rates" refer to the prevailing market prices of Corn Starch and Other Corn Refined Products of the same or similar type(s) sold by the Group to its customers. The Group's pricing team, which comprises of the sales and accounting departments, periodically formulates the baseline prices for determining the unit price of Corn Starch and Other Corn Refined Products offered to its customers. In doing so, the pricing team makes references to public quotations from reputable regional trading centres and industry portals, reference prices as published on recognised sources such as Mysteel.com (being a leading commodity data provider which serves multiple national bureaus and commissions including the National Bureau of Statistics of China and National Development and Reform Commission), the weekly nearby ex-factory price circulars in Northeast China to come up with price quotations having regard to the Group's sales strategies. Price quotations formulated by the pricing team are then subject to approval by the Group's sales department manager, marketing department manager and general manager of the relevant subsidiary(ies) of the Company.

In addition to making reference to the above market rates, prior to confirming any individual sales order under the 2026 Master Sales Agreement, the sales and accounting departments of the Group's pricing team is required to review and cross-check the invoices and transaction records of the five most recent consecutive sales of the same or comparable Corn Starch and Other Corn Refined Products conducted with independent third party customers.

We understand that the Group also has an existing internal pricing procedure to ensure that its sales to independent third party customers are made at market rates. On a sampling basis, we reviewed four sales transactions and respective pricing report for Corn Starch and Other Corn Refined Products to independent third party customers for each of the two years ended 31 December 2025 and eight months ended 31 August 2026 so that our review may cover multiple months in each of the most recent two years and eight months, and noted that the Group had followed such procedure where the respective pricing reports were under cross-departmental review and approval. This result demonstrates the Group's ability to apply its committed internal policy in practice.

Having considered that (i) the pricing policy incorporates market conditions into consideration; (ii) the pricing policy is benchmarked against the Group's transactions with independent third party customers; (iii) the Directors will monitor these transactions from time to time to ensure that the pricing mechanism is adhered to; (iv) the Group has demonstrated its ability to apply committed internal policy in practice; and (v) the Group showed proven effectiveness of the Group's internal control and pricing policy to ensure terms of the transactions with the Nongfa Group to be no less favourable than those of the independent third party customers, reflected in the historical transactions with the Nongfa Group, where such effectiveness was assessed in the paragraphs headed "(a) Pricing policy for the 2026 Master Supply Agreement" in this letter, we consider that the pricing policy is sufficient to ensure that pricing terms for sales transactions offered by the Group under the 2026 Master Sales Agreement to be same or not less favourable than those offered to the independent third party customers.

(b) Proposed annual caps for the 2026 Master Sales Agreement

Based on the information provided by the Company, the annuals caps for the 2026 Master Sales Agreement is set out below

	For the year ending 31 December		
	2027	**2028**	**2029**
	HK$'000	*HK$'000*	*HK$'000*
Proposed annual caps	344,972	543,063	553,272

The above annual caps have been determined with reference to (i) the estimated demand of the Nongfa Group for Corn Starch and Other Corn Refined Products as contemplated under the 2026 Master Sales Agreement; (ii) the residual production capacity of the Group's production facilities after fulfilling production for external sales; and (iii) the development of the Group's trading business during the term of the 2026 Master Sales Agreement.

The quantity of Corn Starch and Other Corn Refined Products sold by the Group during the two years ended 31 December 2025 and the eight months ended 31 August 2026 were 112,000 MT (amounted to approximately HK$348,829,000), 154,000 MT (amounted to approximately HK$437,704,000) and 106,000 MT (amounted to approximately HK$393,129,000), respectively.

As the Group's production outputs for the two years ended 31 December 2025 and the eight months ended 31 August 2026 were fully sold to independent third party customers and overseas markets, no Corn Starch or Other Corn Refined Products were sold to the Nongfa Group during the corresponding periods.

The Company expects the quantity of Corn Starch and Other Corn Refined Products to be sold by the Group to the Nongfa Group for the three years ending 31 December 2029 shall respectively be approximately 87,000 MT (amounting to approximately HK$344,972,000), 137,000 MT (amounting to approximately HK$543,063,000) and 137,000 MT (amounting to approximately HK$553,272,000).

The proposed annual caps (being the estimated sales amount of Corn Starch and Other Corn Refined Products expected to be sold to the Nongfa Group) under the 2026 Master Sales Agreement are determined by multiplying the estimated sales volume of each type of Corn Starch and Other Corn Refined Products expected to be sold by the Group to the Nongfa Group by the corresponding estimated selling price of such products for each of the three years ending 31 December 2029.

In determining the quantity of Corn Starch and Other Corn Refined Products to be sold by the Group to the Nongfa Group for each of the three years ending 31 December 2029, the management of the Group has taken into account (i) the expected market conditions in the coming years considering the overseas market continues to shrink due to the impact of tariffs and anti-dumping measures, accompanied by intense competition in international trade which is not expected to recover significantly in the near term, the Group must explore diverse sales channels, including the established sales network of the Nongfa Group, to sustain its production volume and maximise the production capacity of the Group to enhance the operational efficiency of the new boiler; and (ii) the expected trading volume of Corn Starch and Other Corn Refined Products for the three years ending 31 December 2029, with an expected annual growth rate, taking into account the Group's understanding of the business needs and customer reach of the Nongfa Group as a state-owned enterprise operating a wide range of agriculture-related businesses, including soft commodity trading and breeding industry operations, and that the Group's trading business is newly established and time is required to build market presence to flexibly meet demand for niche products.

For (i), the Group has observed that the demand in the overseas market has continued to be adversely affected by tariffs, anti-dumping measures and other trade restrictions, resulting in intensified competition in the international markets and reduced export opportunities. This has led to a decrease in the Group's overall export sales to approximately HK$235.6 million for the six months ended 30 June 2026, representing a decrease of approximately 17.6% as compared to the corresponding period in 2025. As such, the Directors anticipate that a greater proportion of its production output (especially amino acids products) will need to be absorbed through domestic sales channels. At the same time, following the completion of the Boiler Refurbishment Project at the Dehui production site, it is expected that the production volume of the Group will increase. During the year ended 31 December 2025, the Group had an annual capacity utilisation rate of its production facilities of 85.5%, delivering self-produced sales of approximately 154,000 MT of Corn Starch and Other Corn Refined Products (without lysine products). During the eight months ended 31 August 2026, as the Group implemented the Boiler Refurbishment Project in respect of the boiler facilities at the Dehui production site, leading to a temporary production suspension, the Group achieved an annual capacity utilisation rate of 60.8%, with an annualised self-produced sales of approximately 109,500 MT of Corn Starch and Other Corn Refined Products (without lysine products). Following the completion of the Boiler Refurbishment Project in August 2026 with no immediate plans for production expansion, it is expected that the Group will achieve an annual capacity utilisation rate of approximately 80.0% in 2027, with self-produced sales of approximately 144,000 MT of Corn Starch and Other Corn Refined Products (without lysine products), and an annual capacity utilisation of 90.0% in 2028 and 2029, with self-produced sales of approximately 162,000 MT of Corn Starch and Other Corn Refined Products (without lysine products). In determining the expected annual capacity utilisation rates during the term of the 2026 Master Sales Agreement, the Directors have taken into account the historical annual capacity utilisation rate of approximately 85.5% achieved in 2025, being the latest full year of normal operations prior to the temporary suspension of production resulting from the Boiler Refurbishment Project in 2026. The Directors also noted that the Group had actively sought to maximise the utilisation of its production facilities in 2025 in order to improve operational efficiency and reduce average overhead costs per unit through economies of scale. In addition, the higher utilisation rates projected for 2028 and 2029 reflect the Directors' expectation that the Boiler Refurbishment Project will enhance the Group's production efficiency by reducing the frequency of maintenance works and related production downtime, thereby supporting a higher utilisation of the Group's production capacity. Accordingly, the Directors consider the estimated annual capacity utilisation rates of approximately 80.0% in 2027 and approximately 90.0% in each of 2028 and 2029 to be reasonable. With the anticipated increase in annual capacity utilisation rate and taking into account the shrinking of the overseas market, the Directors estimate that only approximately 60.0%, 50.0% and 50.0% of the total self-produced sales for the three years ending 31 December 2029 can be absorbed by independent third party customers (i.e. customers other than the Nongfa Group). The estimated percentages of approximately 60.0%, 50.0% and 50.0% for the three years ending 31 December 2029 were determined with reference to the Group's historical sales volume of self-produced products to independent third party customers and the expected increase in the Group's annual capacity utilisation rate. In particular, for 2027, the Directors have made reference to sales of self-produced products to independent third party customers of approximately 73,000 MT for the eight months ended 31 August 2026 which, when annualised, amounted to approximately 109,500 MT of Corn Starch and Other Corn Refined Products (without lysine products). Such annualised sales volume represented approximately 60.0% of the Group's maximum annual production capacity of approximately 180,000 MT and therefore formed the basis for the estimated percentage for 2027.

For 2028 and 2029, the estimated percentage was further adjusted downward to approximately 50.0% after taking into account the aforementioned anticipated increase in the Group's annual capacity utilisation rate and the continuing contraction of the overseas market. The Directors are of the view that, as production volume increases while demand from overseas customers remains subdued, the market may experience a relatively greater supply of products, which may in turn reduce the proportion of the Group's self-produced products that can be absorbed by independent third party customers. Accordingly, the Directors consider it commercially necessary for the Group to further diversify and expand its sales channels to maintain stable sales volume and support the utilisation of its enhanced production capacity.

Based on the above, the estimated sales volume of self-produced products to the Nongfa Group is approximately 57,000 MT, 81,000 MT and 81,000 MT for each of the three years ending 31 December 2029, respectively. Such estimated sales volumes represent the residual portion of the Group's estimated self-produced sales that is not expected to be absorbed by independent third party customers in the respective year, being approximately 40.0% of the estimated self-produced sales of 144,000 MT in 2027, and approximately 50.0% of the estimated self-produced sales of 162,000 MT in each of 2028 and 2029.

For (ii), the Group has recently commenced its trading business in 2026 in response to the intense market competition, fluctuating raw material costs and the evolving customer demand. The Directors noted that market demand has become increasingly diversified, particularly in respect of niche products and products with different specifications and/or concentrations. However, the Group's business model focused primarily on the production and sale of self-produced products, and its ability to respond promptly to changes in market demand may be constrained, as any adjustment to product mix or production specifications would generally require modifications to production facilities and production lines, as well as time for testing and optimisation before achieving commercial-scale production.

Against this backdrop, the Directors identified the business opportunity through the Nongfa Group. As a state-owned enterprise engaged in a broad range of agriculture-related businesses, including soft commodity trading and breeding industry operations, the Nongfa Group possesses a comprehensive portfolio of agricultural products and an extensive customer network.

Having identified such business opportunity, the Directors assessed the feasibility of commencing the trading business and considered that such business would enable the Group to leverage the established sales channels, market presence and broad customer reach of the Nongfa Group. The Directors further considered that the trading business would provide the Group with greater flexibility in responding to changing customer demand by enabling the Group to source and supply products that may not be immediately available from its own production facilities. This would allow the Group to maintain existing customer relationships, develop new customer relationships and meet customers' procurement needs while any necessary modifications to production facilities and production lines are being implemented. In addition, from a risk management perspective, the Directors considered that the trading business would diversify the Group's sources of revenue and profit and reduce its reliance on the manufacturing business alone, particularly in light of the suspension of operations of certain production facilities of the Group. Accordingly, the Directors considered the trading business to be complementary to the Group's existing manufacturing business and beneficial to the long-term development of the Group.

Based on the foregoing, the Group commenced the trading business in 2026. As the market trends illustrated above are unlikely to change materially in the near term, the Group intends to further its trading business in order to better leverage the extensive sales network and customer reach of the Nongfa Group. The Directors expect that the volume of sourced products to be sold to the Nongfa Group under the 2026 Master Sales Agreement for the three years ending 31 December 2029 to be approximately 30,000 MT, 56,000 MT and 56,000 MT, respectively. In assessing the estimated sales volumes of sourced products to the Nongfa Group, the Directors have taken into account the historical transaction volume under the trading business for the eight months ended 31 August 2026. Based on the financial information of the eight months ended 31 August 2026, the Group generated an annualised sales volume of approximately 49,500 MT for the year. As the Group expects to further its trading business, the Directors project that the sales volume of sourced products will grow to approximately 74,000 MT in 2027, and reach 111,000 MT in 2028 and 2029, respectively. Based on such projection, the Directors have applied the same percentage of 40.0%, 50.0% and 50.0% in estimating the sales volume of sourced products to the Nongfa Group as those adopted in respect of the sales volume of self-produced products in (i) above. The Directors consider such approach reasonable, taking into account that both the manufacturing business and the trading business operate in the same industry environment and are subject to similar market conditions, including intense market competition, evolving customer demand and the anticipated contraction of the overseas market. Accordingly, the Directors consider that the percentages adopted for self-produced products provide a reasonable reference point for estimating the allocation of sourced product sales between independent third party customers and the Nongfa Group in the absence of a longer operating track record for the trading business.

Taking into account the expected sales volume of (i) self-produced products and (ii) sourced products to the Nongfa Group as illustrated above, the total expected sales volume to the Nongfa Group under the 2026 Master Sales Agreement is 87,000 MT, 137,000 MT and 137,000 MT for each of the three years ending 31 December 2029, respectively.

We have reviewed the Group's historical sales of Corn Starch and Other Corn Refined Products from both self-production and product sourcing operations, which amounted to approximately 112,000 MT and 154,000 MT for the years ended 31 December 2024 and 2025 respectively, and the annualised sales for the eight months ended 31 August 2026, which amounted to approximately 159,000 MT.

We noted that the increase in historical sales quantity for the year ended 31 December 2025 was due to the utilisation rate of annual production capacity (the "**Utilisation Rate**") increased from approximately 62.2% to 85.5% under the Group's efforts to reduce idle resources during the year, under the existing total production capacity of 180,000 MT of Corn Starch and Other Corn Refined Products per year.

For the annualised sales for the eight months ended 31 August 2026 of approximately 159,000 MT, it may further breakdown to (i) the annualised sales of self-produced products of approximately 109,500 MT, representing a reduced Utilisation Rate of approximately 60.8% from 85.5% for 2025; and (ii) the annualised sales of sourced products of approximately 49,500 MT from product sourcing operation initiated in the first eight months of 2026.

We understood from the management of the Company that the Utilisation Rate is expected to return to 80.0% in 2027 after completion of the Boiler Refurbishment Project in August 2026 and further increase to 90.0% in 2028 and 2029 under their continuing efforts to utilise existing production capacity. The increasing Utilisation Rate is expected to contribute to sales quantity of self-produced products to reach approximately 144,000 MT, 162,000 MT and 162,000 MT in 2027, 2028 and 2029, from the approximately 109,500 MT for the annualised sales of self-produced products for the eight months ended 31 August 2026.

For the sales of sourced products from product sourcing operation, the sales quantity is expected to reach approximately 74,000 MT, 111,000 MT and 111,000 MT in 2027, 2028 and 2029, representing increases by approximately 24,500 MT, 37,000 MT and nil, or approximately 49.0%, 50.0% and nil in 2027, 2028 and 2029, based on the annualised sales of approximately 49,500 MT for the first eight months of 2026. Such growth was mainly due to the advantageous position of the Group for the product sourcing operation, which has already achieved sales of approximately 49,500 MT in its first year of operation. As advised by the management of the Company, the sales of its Corn Starch and Other Corn Refined Products have been limited by its production operation condition, which may vary over the years depending on factors such as capital expenditure, staffing plans, unexpected market movements and fluctuations in production costs. Given the above production constraints, although the Group has built its own supply chain network and accumulated experience and expertise in the corn refining industry, which give it confidence in its ability to deliver quality and reliable products, these strengths have not been fully utilised to generate sales. To put its network, experience and expertise to greater use, the Group initiated its product sourcing service, under which it selects and screens products from individual manufacturers and trading companies and provides customers with reliable products from those suppliers. This arrangement allows the Group to adjust its sales volume flexibly beyond the limits of its own production capacity in response to changes in

market conditions, while enables to Group to realise its sales potential from its supply chain network and industry position. Having considered that (i) the Group holds business connection with at least 20 suppliers to supply products; (ii) the Nongfa Group has a network of approximately 51 entities across Jilin Province as one additional part of the Group's sales channel; (iii) the Nongfa Group's purchase volume of agricultural-related products expanding rapidly from less than 1,000 MT in 2024 to an annualised volume of more than 209,000 MT in the first eight months of 2026, and riding on this momentum and trading capacity, it intends to purchase Corn Starch and Other Corn Refined Products from the Group as an additional source of supply, to broaden its product portfolio and expand its profit base; and (iv) the Group has already achieved annualised sales of approximately 49,500 MT in its first eight months period of the product sourcing operation only with independent third party customers, we consider the product sourcing operation has proven feasibility. With one additional sales channel of the Nongfa Group starting from 2027, we consider such product sourcing operation may reasonably contribute to the projected sales quantities of sourced products to reach approximately 111,000 MT after two years till the end of 2028, representing increase in volume of approximately 61,500 MT which is close to the approximately 49,500 MT annualised volume achieved just in the first eight months period.

The expected sales quantity of Corn Starch and Other Corn Refined Products from both self-production and product sourcing operations under 2026 Master Sales Agreement are approximately 87,000 MT, 137,000 MT and 137,000 MT in 2027, 2028 and 2029 respectively, representing approximately 40.0%, 50.0%, and 50.0% of total expected sales quantity of Corn Starch and Other Corn Refined Products by the Group in 2027, 2028 and 2029. As discussed in the paragraphs headed "6. Reasons for and benefits of the 2026 Master Sales Agreement" in this letter, the Nongfa Group's sales network may support the Group to increase its market shares in Jilin Province. Through its network of approximately 51 entities across Jilin Province, which operate in a wide range of agriculture-related businesses, the Nongfa Group provides the Group with access to established customer and distribution channels. Still, with the above expected sales quantity to Nongfa Group, the Group will continue to sell a major portion of its Corn Starch and Other Corn Refined Products to independent third party customers which enables the Group to diversify its sales channel under its sales plan.

Having regard to (i) the historical sales of Corn Starch and Other Corn Refined Products; (ii) our understanding of the Utilisation Rates which are expected to return to 80.0% in 2027 which is consistent to the timing of completion of the Boiler Refurbishment Project in 2026 and further increase to 90.0% in 2028 and 2029 which are in line with the Group's production plan to increase production volume with additional demand from the Nongfa Group; (iii) our review on the production plan of the Group and noted the expected Utilisation Rates are supported by the annual corn processing capacity of the Group; (iv) the Group has prepared sufficient resources for the increasing Utilisation Rate of 80.0% in 2027 and 90.0% in 2028 and 2029 as evidenced by the current numbers of production team and respective team heads for productions which are comparable to those of 2025 which substantialised the Utilisation Rate of approximately 85.5%; (v) the expected growth in trading volume under the Group's newly established trading business; (vi) the broad sales network of the Nongfa Group; (vii) the expected sales quantity retained major portion of sales to independent third party customers which enables the Group to increase exposure of shorter credit period for its sales under the 2026 Master Sales Agreement while at the same time diversify sales channel under its sales plan which avoid sales reliance on sole customer; and (viii) the proposed annual caps of 2027 to 2029 ranging from approximately HK$345.0 million to HK$553.3 million represented approximately 15.1% to 24.3% of the Group's sales of approximately HK$2,278.5 million for the year ended 31 December 2025, which reflects the approximately 40.0% to 50.0% of the Group's total production capacity to be fulfilled by the annual quantity under the 2026 Master Sales Agreement may enable the Group to achieve shorter credit terms for better cashflow from near a quarter of the sales, we consider that the expected annual quantity of 87,000 MT for the year ending 31 December 2027 and the expected annual quantity of 137,000 MT for each of the two years ending 31 December 2029 under the 2026 Master Sales Agreement are reasonable estimates.

As illustrated above, the proposed annual caps under the 2026 Master Sales Agreement are determined by multiplying the estimated sales volume of each type of Corn Starch and Other Corn Refined Products expected to be sold by the Group to the Nongfa Group by the corresponding estimated selling price of such products for each of the three years ending 31 December 2029. The estimated selling price of each type of Corn Starch and Other Corn Refined Products during the three years ending 31 December 2029 is determined based on the recent market prices of the relevant Corn Starch and Other Corn Refined Products, which included corn starch, corn gluten meal, corn oil, corn germ meal, and amino acids, with reference to the latest market prices charged by the Group to independent third party customers which are expected to increase at an annual rate of ranged approximately 1.9% to 6.9% from 2027 to 2029, taking into account the inflation rate in the PRC and the annual growth rate in the market price of the relevant product for the three years ending 31 December 2029.

For upstream products, including corn starch, corn gluten meal, corn oil and corn germ meal, the estimated selling prices for 2027, 2028 and 2029 were determined based on the average selling price of each type of product achieved by the Group for the eight months ended 31 August 2026 ranging from HK$1,300 per MT to HK$8,512 per MT. The corresponding estimated annual growth rates are approximately 7.3%, 1.2% and 1.9%, respectively, which reflect the average expected market price increases of the respective products, taking into account the anticipated inflation rate during the relevant periods. The Directors consider the growth rate of approximately 7.3% for 2027 to be reasonable and prudent as it primarily serves as a buffer for potential price fluctuations in the market with reference to the historical trend of increasing raw material price. In particular, corn kernels constitute the principal raw material for such products, and the market price of corn kernels experienced annual fluctuations ranging from approximately of 18.0% during the period from December 2024 to June 2025, and of 8.8% from October 2025 to March 2026. Given the significant impact of corn kernel costs on the production cost and selling price of upstream products, the Directors consider it reasonable to incorporate a buffer to accommodate possible increases in raw material costs and market prices during 2027. The estimated annual growth rates of approximately 1.2% and 1.9% for 2028 and 2029, respectively, reflect management's prudent assumptions for the projection period. Given the inherently greater uncertainty associated with longer-term forecasts and the absence of a clear basis to anticipate further material price increases beyond those already reflected in the 2027 projection, the Directors have adopted a more conservative approach for 2028 and 2029 by primarily taking into account the expected inflationary adjustments, while providing a reasonable allowance for potential changes in market supply and demand.

For amino acids (mainly including threonine, valine and methionine), the estimated selling prices for 2027, 2028 and 2029 were determined based on the average selling price of each type of product achieved by the Group for the eight months ended 31 August 2026 ranging from HK$8,559 per MT to HK$33,070 per MT. The corresponding estimated annual growth rates are approximately 8.4%, 4.1% and 1.9%, respectively, which reflect the average expected market price increases of the respective products, taking into account the anticipated inflation rate during the relevant periods. The Directors consider the growth rate of approximately 8.4% for 2027 to be reasonable and prudent as it similarly incorporates a buffer for potential market price fluctuations arising from changes in raw material costs with reference to the historical trend of increasing raw material price. As corn kernels are also a key raw material used in the production process of amino acids, fluctuations in corn kernel prices may materially affect the selling prices of amino acid products. The estimated growth rate of approximately 4.1% for 2028 reflects not only an assumed inflationary increase of approximately 1.8%, but also an anticipated change in the Group's product mix. In particular, under the Group's sales plan, the proportion of methionine, which generally commands a higher selling price than other amino acid products, is expected to increase from approximately 4.4% to 5.7% of the amino acid product portfolio. The Directors therefore consider such growth assumption to be reasonable as it reflects both expected market inflation and the anticipated increase in sales of higher-value products. The estimated growth rate of approximately 1.9% for 2029 likewise reflect management's prudent assumptions for the projection period. Given the inherently greater uncertainty associated with longer-term forecasts and the absence of a clear basis to anticipate further material price increases beyond those already reflected in the previous projection periods, the Directors have adopted a more conservative approach for 2029 by primarily taking into account the expected inflationary adjustments.

We noted that the Group categorises Corn Starch and Other Corn Refined Products as upstream products (which represent corn starch and other corn refined products) and amino acids as separate product categories. We have therefore reviewed the estimated changes in selling prices for each category separately.

For analysis of expected selling prices, the table below summarises the estimated quantity, selling price and sales amount of Corn Starch and Other Corn Refined Products to be sold by the Group to the Nongfa Group during the three years ending 31 December 2029.

	Year ending 31 December								
	2027			2028			2029		
Corn Starch and Other Corn Refined Products	Volume	Selling price	Amount	Volume	Selling price	Amount	Volume	Selling price	Amount
	MT	*HK$*	*HK$*	*MT*	*HK$*	*HK$*	*MT*	*HK$*	*HK$*
– Upstream products	81,037	3,238	262,399,462	128,090	3,278	419,858,755	128,090	3,339	427,752,100
– Amino acids	6,095	13,548	82,571,795	8,732	14,110	123,203,412	8,732	14,375	125,519,636
Including:									
Methionine	*266*	*35,673*	*9,471,167*	*498*	*36,319*	*18,079,866*	*498*	*37,001*	*18,419,768*
Other amino acids	*5,829*	*12,541*	*73,100,628*	*8,234*	*12,767*	*105,123,546*	*8,234*	*13,007*	*107,099,868*
Total	**87,132**		**344,971,257**	**136,822**		**543,062,167**	**136,822**		**553,271,736**

For upstream products, we noted that the estimated purchase prices for 2027, 2028 and 2029 imply an overall annual price growth rate of approximately 7.3%, 1.2% and 1.9% respectively based on the average purchase price of each type of product of upstream products by the Group for the eight months ended 31 August 2026 ranging from HK$1,300 per MT to HK$8,512 per MT. We considered the growth rate of approximately 7.3% being appropriate buffer for price fluctuation arising from changes in raw material costs with reference to the historical trend of increasing raw material price, taking account into the corn kernels had annual fluctuation of 18.0% during the period from December 2024 to June 2025, and of 8.8% from October 2025 to March 2026, which are both higher than the implied growth rate of 7.3% in 2027 for upstream products, as discussed in our analysis of the industry seasonal cycle in the paragraphs headed "4. Industry overview" in this letter, and that corn kernels, as an essential raw material, may have great impact on price changes of the upstream products. We consider the annual growth rates of approximate 1.2% and 1.9% for 2028 and 2029 are prudent estimate for expected inflationary adjustments, as they are below the recent PPI growth rate of approximately 2.3% as discussed in the paragraphs headed "(c) Proposed annual caps for the 2026 Master Supply Agreement" in this letter.

For amino acids, we noted that the estimated purchase prices for 2027, 2028 and 2029 imply an overall annual price growth rate of approximately 8.4%, 4.1% and 1.9% respectively based on the average purchase price of each type of product of amino acids by the Group for the eight months ended 31 August 2026 ranging from HK$8,559 per MT to HK$33,070 per MT. We considered the growth rate of approximately 8.4% being appropriate buffer for price fluctuation arising from changes in raw material costs with reference to the historical trend of increasing raw material price, taking account into the corn kernels had annual fluctuation of 18.0% during the period from December 2024 to June 2025, and of 8.8% from October 2025 to March 2026, which are higher than the implied growth rate of 8.4% in 2027 for amino acids, as discussed in the paragraphs headed "4. Industry overview" in this letter, and that corn kernels, as an essential raw material, may have great impact on price changes of the amino acids. We consider the annual fluctuation is appropriate to serve as benchmark to evaluate the buffer, taking into account that the corn price in August 2026 has reached at relatively lower level during the year according to the corn price trend table shown in the section headed "4. Industry overview" in this letter, and with the price in last year reached at its lower part in August 2025 to October 2025, it is reasonable to expect the corn price in August 2026 is at the lower part of a full annual cycle if the seasonal cycle repeats in 2026. For the annual growth rate of approximate 4.1% for 2028, through our review on the above breakdown of estimated sales, we understood that the estimated price change is due to (i) expected market inflation of approximately 1.8% and (ii) change in product mix where the proportion of methionine, a type of amino acids with high selling price of above HK$35,000 per MT marketed only under the product sourcing operation of higher growth, will increase its proportion of total estimated quantity for amino acids from approximately 4.4% to 5.7% under the Group's sales plan, as compared to those of the other amino acids ranged from around HK$12,500 per MT to HK$13,000 per MT which are marketed under relatively matured production operation. We consider the annual growth rate of approximate 1.9% for 2029 is prudent estimate for expected inflationary adjustments, as it is below the recent PPI growth rate of approximately 2.3% as discussed in the paragraphs headed "(c) Proposed annual caps for the 2026 Master Supply Agreement" in this letter.

In addition, we noted that the management has taken prudent assumptions for the selling prices for both upstream products and amino acids, which are reflected by the higher initial growth rates of selling prices in 2027 and lower growth rates of selling prices in 2028 and 2029 mainly for expected inflationary adjustments. These prudent assumptions have taken into account, among others, the inherently greater uncertainty associated with longer-term forecasts. We understand that corn kernels and their refined products are essential raw materials in the global supply chain, so the purchase prices of upstream products and amino acids are exposed to macroeconomic and geopolitical events that are unpredictable and not reasonably foreseeable at this time. These may include peace settlement of regional conflicts that disrupted sourcing routes and regional production activities, resolution of trade disputes that triggered tariffs and export restrictions, unexpected bumper harvest amid climate-change, and large-scale livestock disease outbreaks that reduce feed demand. Any of these, alone or in combination, could stabilise or moderate the recent upward trend in corn prices. Accordingly, we consider the prudent price assumptions of the Group's management, which include higher initial growth in 2027 and lower growth in 2028 and 2029, adequate to address the uncertainty inherent in long-term forecasts while taking into account the ongoing upward trend in corn prices.

Based on (i) the above analysis; (ii) the expected product mix which contributed to change in overall selling prices for upstream products and amino acids, was based on the expected portion of sales to the Nongfa Group and historical sales quantity of each products; and (iii) the overall selling prices for upstream products and amino acids incorporated reasonable buffer for seasonal fluctuation and estimate of inflation with prudent price assumptions of the Group's management, we consider that the bases for setting the annual caps of the 2026 Master Sales Agreement for each of the three years ending 31 December 2029 are fair and reasonable.

9. Internal control measures

Internal control measures in relation to the 2026 Master Supply Agreement

As disclosed in the Letter from the Board, in order to ensure that the transactions contemplated under the 2026 Master Supply Agreement are consistent with the pricing policy as set out under the paragraph headed "2. 2026 MASTER SUPPLY AGREEMENT – (B) Pricing and other terms" in the Letter from the Board, and that the price of each individual transaction under the 2026 Master Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, the Group has adopted the following internal control measures:

(1) the procurement department of the Group will obtain prevailing market price of corn kernels from two public sources to ensure the purchase price of corn kernels from the Nongfa Group are on normal commercial terms and no less favourable to the Group, which we have assessed the reasonableness and effectiveness of the measure through our analysis and sampling review as discussed in the paragraphs headed "(a) Pricing policy for the 2026 Master Supply Agreement" in this letter;

(2) the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Supply Agreement from time to time to ensure that the price of corn kernels supplied by the Nongfa Group to the Group adheres to the pricing mechanism strictly, and that information relied upon in determination of the price of corn kernels in each individual transaction has been accurately attained from each source prior to determining the final price of the corn kernels for each transaction, which we noted that the measure to monitor continuing connected transactions has been in place by reviewing four monthly management reports to the Directors for each of the two years ended 31 December 2025 and the first nine months ended 30 September 2026 that included summary of purchase transactions with the Nongfa Group;

(3) the independent non-executive Directors will conduct monthly review of the actual execution of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Supply Agreement and the proposed annual caps) and provide annual confirmations that the relevant transactions that have been entered into are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in accordance with the relevant agreement, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole, which we noted that the monthly review on purchase transactions with the Nongfa Group by the independent non-executive Director has been in place by reviewing four monthly continuing connected transactions reports to independent non-executive Director for each of the two years ended 31 December 2025 and the first nine months ended 30 September 2026; and

(4) the Company's external auditors will also conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Supply Agreement and the proposed annual caps) to confirm the relevant transactions are in accordance with the pricing policies of the Group and the relevant agreements, and have not exceeded the relevant annual caps, which we noted that the annual review by the Company's external auditors has been in place by reviewing annual assurance report released by the Company's external auditors for each of the two years ended 31 December 2025.

Internal control measures in relation to the 2026 Master Sales Agreement

As disclosed in the Letter from the Board, in order to ensure that the transactions contemplated under the 2026 Master Sales Agreement are consistent with the pricing policy as set out under the paragraph headed "3. 2026 MASTER SALES AGREEMENT – (B) Pricing and other terms" in the Letter from the Board, and that price of each individual transaction under the 2026 Master Sales Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, the Group has adopted the following internal control measures:

(1) the sales department and the accounting department of the Group shall ensure that the unit price of Corn Starch and Other Corn Refined Products sold to the Nongfa Group shall not be lower than the average unit price of products of the same or similar type sold by the Group to independent third party customers in the most recent five transactions (price exclusive of transportation and storage costs, insurance costs, interest and/or other handling charges), which we have assessed the reasonableness and effectiveness of the measure through our analysis and sampling review as discussed in the paragraphs headed "(a) Pricing policy for the 2026 Master Sales Agreement" in this letter;

(2) the Directors shall monitor the continuing connected transactions contemplated under the 2026 Master Sales Agreement from time to time to ensure that the price of Corn Starch and Other Corn Refined Products sold from the Group to the Nongfa Group adheres to the pricing mechanism strictly prior to determining the final price for each transaction. Upon our sample checking, which we noted that the measure to monitor continuing connected transactions has been in place by reviewing four monthly management reports to the Directors for each of the two years ended 31 December 2025 and the first nine months ended 30 September 2026 that included summary of purchase transactions with the Nongfa Group. Although the Group had no sales transactions with the Nongfa Group during the above periods, based on the result of our sample checking on the relevant control on pricing mechanism of purchase cycle, we consider similar monitoring on continuing connected transactions contemplated under the 2026 Master Sales Agreement by the Directors would be in place;

(3) the independent non-executive Directors will conduct monthly review of the actual execution of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Sales Agreement and the proposed annual caps) and provide annual confirmations that the relevant transactions that have been entered into are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in accordance with the relevant agreement, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole. Upon our sample checking, we noted that the monthly review on purchase transactions with the Nongfa Group by the independent non-executive Director has been in place by reviewing four monthly continuing connected transactions reports to independent non-executive Director for each of the two years ended 31 December 2025 and the first nine months ended 30 September 2026. Although the Group had no sales transactions with the Nongfa Group during the above periods, based on the result of our sample checking on the relevant control of the actual execution in purchase cycle, we consider similar monitoring on continuing connected transactions contemplated under the 2026 Master Sales Agreement by the independent non-executive Directors would be in place; and

(4) the Company's external auditors will also conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the 2026 Master Sales Agreement and the proposed annual caps) to confirm the relevant transactions are in accordance with the pricing policies of the Group and the relevant agreements, and have not exceeded the relevant annual caps, which we noted that the annual review by the Company's external auditors has been in place by reviewing annual assurance report released by the Company's external auditors for each of the two years ended 31 December 2025.

Taking into account the measures to be taken by the Group in relation to respective transactions contemplated under the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, in particular (i) the Company regularly monitors the amount of transactions with Nongfa Group, which are within the respective proposed annual caps; (ii) the compliance with all other relevant requirements under the Listing Rules (which include the annual review by the independent non-executive Directors and auditors of the Company on the actual execution of the transactions contemplated under the 2026 Master Supply Agreement and the 2026 Master Sales Agreement); (iii) the procurement department of the Group will obtain prevailing market price of corn kernels from two public sources to ensure the purchase price of corn kernels from the Nongfa Group are on normal commercial terms and no less favourable to the Group; (iv) the sales department and the accounting department of the Group shall ensure that the unit price of Corn Starch and Other Corn Refined Products sold to the Nongfa Group shall not be lower than the average unit price of products of the same or similar type sold by the Group to independent third party customers in the most recent five transactions; and (v) our review on the internal control measures above, we consider that the Company has appropriate measures in place to govern the Group in carrying out the respective transactions under the 2026 Master Supply Agreement and the 2026 Master Sales Agreement, thereby safeguarding the interests of the Company and the Shareholders thereunder.

RECOMMENDATION

Having considered the above principal factors and reasons, we concur with the Directors' view that (i) the 2026 Master Supply Agreement and the 2026 Master Sales Agreement are carried out in the ordinary and usual course of business of the Group; (ii) the terms of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement are on normal commercial terms, and are fair and reasonable; (iii) the 2026 Master Supply Agreement and the 2026 Master Sales Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) the respective bases of determining the annual caps for each of the three years ending 31 December 2029 in respect of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement are fair and reasonable. Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend to the Independent Shareholders, to vote in favour of the 2026 Master Supply Agreement and the 2026 Master Sales Agreement and the respective annual caps thereof at the EGM.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung	**Louis Chan**
Managing Director	*Executive Director*

Note:

Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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

(a) Directors' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, Mr. Sha Yufeng, being an executive Director, had the following interests in the shares of the Company which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) entered, pursuant to section 352 of the SFO, in the register referred to therein; and (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules:

Name of company	Nature of interest	Class of shares	Number of shares held	Approximate shareholding percentage
The Company	Beneficial owner	Ordinary	300,000	0.02%

Save as disclosed above, to the best of the knowledge of the Directors, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 they were taken or deemed to have under such provisions of the SFO); (ii) entered, pursuant to section 352 of the SFO, in the register referred to therein; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, Mr. Xiao Zexian, an executive Director, is also the chairman of the board of directors of Nongfa. Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares of underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' Interests in Shares and Underlying Shares

As at the Latest Practicable Date, so far as is known to any Directors or chief executives of the Company, the persons (other than a Director or chief executives of the Company) (a) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) who were, 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 the general meetings of the Company or any other members of the Group, were as follows:

Name of Shareholder	**Capacity/ nature of interest**	**Number of Shares held** *(Note 1)*	**Percentage of the Company's issued share capital (incl. Treasury Shares)**
HK Bloom Investment Limited ("**HK Bloom**")	Beneficial owner *(Note 2)*	250,840,735	14.90
Modern Agricultural	Beneficial owner *(Note 3)*	830,826,902	49.36
ShengLi I Capital Holdings Limited ("**ShengLi I Capital**")	Beneficial owner *(Note 4)*	138,764,396	8.24
ShengLi IX Capital Holdings Limited ("**ShengLi IX Capital**")	Beneficial owner *(Note 5)*	136,496,201	8.11
Changbaishan Liheng Investment Company Limited ("**Changbaishan Liheng**")	Beneficial owner *(Note 6)*	1,453,551,462	86.35
Changbaishan Yuanheng Investment Company Limited ("**Changbaishan Yuanheng**")	Beneficial owner *(Note 7)*	273,223,594	16.23
Bank of Jilin Co., Ltd.	Security interest in Shares *(Note 8)*	174,985,860	10.40

Notes:

1. The letter "L" denotes the Shareholders' long position in the Shares.

2. HK Bloom is beneficially wholly-owned by Mr. Li Zhenghao. Under the SFO, Mr. Li Zhenghao is deemed to be interested in all the Shares interested by HK Bloom.

3. The entire issued capital of Modern Agricultural is held by Modern Agricultural Industry Investment Holdings Limited ("**Modern Agricultural Holdings**") which is in turn wholly-owned by PRC LLP. The sole general partner of PRC LLP is 吉林省現代農業產業基金有限公司 (Jilin Province Modern Agricultural Industry Fund Co., Ltd.*) ("**Modern Agricultural Fund**"). As at the Latest Practicable Date, the investment capital of PRC LLP is owned as to 60.0% by Nongfa (Nongfa is controlled by Jilin SASAC), as to 26.7% by 銀華長安資本管理(北京)有限公司 (Yinhua Wealth Capital Management (Beijing) Co., Ltd.*) and as to 13.3% by 長春市新興產業股權投資基金有限公司 (Changchun Emerging Industry Equity Investment Fund Co., Ltd.*). Accordingly, each of Modern Agricultural Holdings, PRC LLP, Modern Agricultural Fund, Nongfa and Jilin SASAC is deemed to be interested in the Shares held by Modern Agricultural in the Company under the SFO.

4. ShengLi I Capital is owned as to 19.84% by 吉林省盛利壹號企業管理諮詢中心 (有限合夥) (Jilin Province Shengli I Corporation Management Advisory Centre (LLP)*) ("**PRC LLP I**"), 29.73% by 吉林省盛利叁號企業管理諮詢中心 (有限合夥) (Jilin Province Shengli III Corporation Management Advisory Centre (LLP)*) ("**PRC LLP III**"), 14.38% by 吉林省盛利伍號企業管理諮詢中心 (有限合夥) (Jilin Province Shengli V Corporation Management Advisory Centre (LLP)*) ("**PRC LLP V**") and 36.05% by 吉林省盛利柒號企業管理諮詢中心 (有限合夥) (Jilin Province Shengli VII Corporation Management Advisory Centre (LLP)*) ("**PRC LLP VII**"). The general partner of each of PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII is 長春市國新建築材料有限公司 (Changchun Guoxin Construction Materials Co., Ltd.*) ("**Changchun Guoxin**"), which holds 43.08%, 15.59%, 26.43% and 89.63% of the capital in PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII, respectively, and none of the limited partners of each of PRC LLP I, PRC LLP III, PRC LLP V and PRC LLP VII contributed more than one-third of the capital to the relevant limited liability partnership. Changchun Guoxin is wholly-owned by Mr. Liu Xiaochen. Accordingly, each of PRC LLP VII, Changchun Guoxin and Mr. Liu Xiaochen is deemed to be interested in the Shares held by ShengLi I Capital in the Company under the SFO.

5. ShengLi IX Capital is wholly-owned by PRC LLP IX. The general partner of PRC LLP IX is 長春宏祥新能源開發有限公司 (Changchun Hongxiang New Energy Development Company Limited*) ("**Changchun Hongxiang**"), which holds 99.95% of the capital in PRC LLP IX. Changchun Hongxiang is wholly-owned by Mr. Wang Chunhui. Accordingly, each of PRC LLP IX, Changchun Hongxiang and Mr. Wang Chunhui is deemed to be interested in the Shares held by ShengLi IX Capital in the Company under the SFO.

6. All Shares represented Shares which may be issued to Changbaishan Liheng upon full conversion of the convertible preference shares ("**CPS**") issued to Changbaishan Liheng ("**Liheng CPS**"). Upon full conversion of the Liheng CPS, Changbaishan Liheng will become the holder of 1,453,551,462 Shares, representing approximately 46.34% of the issued share capital of the Company (including Treasury Shares) as enlarged by the allotment and issue of the conversion shares under the Liheng CPS. Changbaishan Liheng is a direct wholly-owned subsidiary of 吉林省利亨股權投資合夥企業 (有限合夥) (Jilin Province Liheng Equity Investment Partnership (Limited Partnership)*) ("**Jilin Liheng**"). The general partners of Jilin Liheng are 吉林長白山私募基金管理有限公司 (Jilin Changbaishan Private Equity Fund Management Co., Ltd.*) ("**Jilin Changbaishan**") (which is ultimately owned as to approximately 72.1% by Jilin SASAC, approximately 7.9% by Jilin DOF and approximately 20.0% by 長春淨月高新技術產業開發區財政局 (Finance Bureau of Changchun Jingyue High-tech Industrial Development Zone*) ("**Changchun Finance Bureau**")) and Modern Agricultural

Fund. As at the Latest Practicable Date the investment capital of Jilin Liheng is owned as to 1.1% by Jilin Changbaishan, as to 1.1% by Modern Agricultural Fund, as to 67.8% by 長春潤城投資有限公司 (Changchun Runcheng Investment Co., Ltd.*) (which is ultimately owned as to approximately 51.9% by 長春市人民政府國有資產監督管理委員會 (The State-Owned Assets Supervision and Administration Commission of the People's Government of Changchun City*) ("**Changchun SASAC**") and approximately 48.1% by 長春市财政局 (Changchun Municipal Finance Bureau*) ("**Changchun MFB**")), as to 18.5% by 吉林省股權基金投資有限公司 (Jilin Province Equity Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by Jilin DOF) and as to 11.5% by Nongfa. Accordingly, each of Jilin Liheng, Modern Agricultural Fund, Nongfa, Jilin SASAC, Jilin Changbaishan, Changchun SASAC and Changchun MFB is deemed to be interested in the Shares held by Changbaishan Liheng in the Company under the SFO.

7. All Shares represented Shares which may be issued to Changbaishan Yuanheng upon full conversion of the CPS issued to Changbaishan Yuanheng ("**Yuanheng CPS**"). Upon full conversion of the Yuanheng CPS, Changbaishan Yuanheng will become the holder of 273,223,594 Shares, representing approximately 13.96% of the issued share capital of the Company (including Treasury Shares) as enlarged by the allotment and issue of conversion shares under the Yuanheng CPS. Changbaishan Yuanheng is a direct wholly-owned subsidiary of 吉林省元亨股權投資合夥企業 (有限合夥) (Jilin Province Yuanheng Equity Investment Partnership (Limited Partnership)*) ("**Jilin Yuanheng**"). The sole general partner of Jilin Yuanheng is Jilin Changbaishan. As at the Latest Practicable Date, the investment capital of Jilin Yuanheng is owned as to 2.2% by Jilin Changbaishan, as to 62.5% by 吉林省致晟投資管理有限公司 (Jilin Zhisheng Investment Management Co., Ltd.*) (which is ultimately owned as to approximately 90.1% by Jilin SASAC and approximately 9.9% by Jilin DOF), as to 15.6% by 吉林省股權基金投資有限公司 (Jilin Provincial Equity Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by Jilin DOF), as to 12.5% by 長春市股權投資基金管理有限公司 (Changchun Equity Investment Fund Management Co., Ltd.*) (which is ultimately wholly-owned by Changchun MFB) and as to 7.2% by 長春淨月產業基金投資有限公司 (Changchun Jingyue Industrial Fund Investment Co., Ltd.*) (which is ultimately wholly-owned by Changchun Finance Bureau). Accordingly, each of Jilin Yuanheng, Jilin Changbaishan and Jilin SASAC, is deemed to be interested in the Shares held by Changbaishan Yuanheng in the Company under the SFO.

8. Bank of Jilin Co., Ltd is a person having a security interest in Shares.

Save as disclosed herein, there was no person known to any Directors or chief executives of the Company, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 the general meetings of the Company or any other member of the Group.

3. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2025, being the date to which the latest published 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 as at the Latest Practicable Date.

Save for Mr. Xiao Zexian's interests in (a) the 2023 Master Supply Agreement; (b) the 2026 Master Supply Agreement; and (c) the 2026 Master Sales Agreement due to his position as the chairman of the board of directors of Nongfa, none of the Directors was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

4. SERVICE AGREEMENT

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company or the relevant members of the Group within one year without payment of compensation other than statutory compensation.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that, there is no material adverse change in the financial or trading position of the Group subsequent to 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group which would otherwise be required to be disclosed under Rule 8.10 of the Listing Rules if any of such Directors or his or her associates was a controlling shareholder.

7. QUALIFICATIONS AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given opinion or advice contained in this circular:

Name	Qualifications
Octal Capital	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

Octal Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, its letter and summary of its opinion and reference to its name and logo in the form and context in which they respectively appears.

As at the Latest Practicable Date, Octal Capital was not beneficially interested in any share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group; or have any direct or indirect interest in any assets since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or lease to, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.globalbiochem.com) during the period of 14 days from the date of this circular (both days inclusive):

(a) the 2026 Master Supply Agreement; and

(b) the 2026 Master Sales Agreement.

9. MISCELLANEOUS

The English text of this circular shall prevail over its Chinese text.

GLOBAL BIO-CHEM TECHNOLOGY GROUP COMPANY LIMITED

大成生化科技集團有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00809)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the physical extraordinary general meeting (the "**Meeting**") of Global Bio-chem Technology Group Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") will be held at Conference Room 3, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:30 a.m. on Tuesday, 15 December 2026 for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** the 2026 master supply agreement ("**2026 Master Supply Agreement**") (a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification) dated 20 October 2026 entered into between 吉林省農業發展集團有限公司 (Jilin Agricultural Development Group Co., Ltd.*) ("**Nongfa**") (for itself and on behalf of its subsidiaries from time to time (together with Nongfa, the "**Nongfa Group**")) as supplier and the Company (for itself and on behalf of its subsidiaries) as purchaser in relation to the supply of corn kernels by the Nongfa Group to the Group, the transactions contemplated thereunder and its expected annual caps of HK$940,484,000 HK$957,507,000 and HK$975,508,000 for each of the three years ending 31 December 2029, respectively, be and are hereby approved and that any directors of the Company be and is hereby authorised to take any action and sign any document (under seal, if necessary) as he/she considers necessary, desirable or expedient in connection with the 2026 Master Supply Agreement or the transactions contemplated thereunder and to agree to any variation, amendment or waiver as are, in the opinion of such director of the Company, in the interests of the Company."

** for identification purposes only*

2. "**THAT** the 2026 master sales agreement ("**2026 Master Sales Agreement**") (a copy of which has been produced to the Meeting marked "B" and signed by the chairman of the Meeting for the purpose of identification) dated 20 October 2026 entered into between Nongfa (for itself and on behalf of its subsidiaries from time to time) as purchaser and the Company (for itself and on behalf of its subsidiaries) as supplier in relation to the supply of corn starch and other corn-refined products, including but not limited to corn starch, corn gluten meal, corn oil, corn germ meal, corn-based sweeteners, amino acids and enzyme preparations, by the Group to the Nongfa Group, the transactions contemplated thereunder and its expected annual caps of HK$344,972,000, HK$543,063,000 and HK$553,272,000 for each of the three years ending 31 December 2029, respectively, be and are hereby approved and that any directors of the Company be and is hereby authorised to take any action and sign any document (under seal, if necessary) as he/she considers necessary, desirable or expedient in connection with the 2026 Master Sales Agreement or the transactions contemplated thereunder and to agree to any variation, amendment or waiver as are, in the opinion of such director of the Company, in the interests of the Company."

By order of the board of directors
Global Bio-chem Technology Group Company Limited
Xiao Zexian
Chairman

Hong Kong, 24 November 2026

Registered office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KYl-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 1206, 12th Floor
The Metropolis Tower
10 Metropolis Drive
Hung Hom
Kowloon
Hong Kong

Notes:

1. A shareholder of the Company (the "**Shareholder**") entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a Shareholder.

2. In the case of joint holders of shares of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share of the Company as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such share of the Company shall alone be entitled to vote in respect thereof.

3. To be valid, the form of proxy together with a power of attorney or other authority (under which it is signed or a certified copy thereof), if any, must be deposited at the offices of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time of the Meeting (i.e. at or before 10:30 a.m. on Sunday, 13 December 2026 (Hong Kong time)) or any adjournment or postponement thereof.

4. Delivery of an instrument appointing a proxy should not preclude a Shareholder from attending and voting in person at the above Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. The register of members of the Company will be closed from Thursday, 10 December 2026 to Tuesday, 15 December 2026, during which no transfer of shares will be effected. In order to qualify for the attendance at the Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch registrars in Hong Kong at the address stated in note 3 above no later than 4:30 p.m. on Wednesday, 9 December 2026 for registration. The record date for determining the entitlement of the Shareholders to attend and vote at the Meeting will be on Tuesday, 15 December 2026.

6. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 9:00 a.m. on the date of the Meeting, the Meeting will be adjourned, changed or postponed in accordance with the articles of association of the Company. The Company will post an announcement on the websites of The Stock Exchange of Hong Kong Limited and the Company to notify Shareholders of the date, time and place of the rescheduled meeting.

7. The Meeting will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the Meeting under bad weather condition bearing in mind their own situation.

As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Xiao Zexian and Mr. Sha Yufeng; one non-executive Director, namely, Mr. Li Yuewen; and three independent non-executive Directors, namely, Ms. Jiang Fangfang, Mr. Tan Chao and Ms. Xie Liangqiu.