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Taizhou Water Group Co., Ltd.*

台州市水務集團股份有限公司

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

(Stock Code: 1542)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

ANNUAL RESULTS HIGHLIGHTS:

- Revenue for the year ended 31 December 2024 amounted to approximately RMB600.8 million, representing a decrease of approximately 0.9% from the year ended 31 December 2023.
- Loss for the year ended 31 December 2024 amounted to approximately RMB118.0 million, as compared to loss of approximately RMB110.5 million for the year ended 31 December 2023.
- Loss attributable to owners of the parent for the year ended 31 December 2024 amounted to approximately RMB95.6 million, as compared to loss attributable to owners of the parent of approximately RMB84.0 million for the year ended 31 December 2023.
- Basic loss per share for the year ended 31 December 2024 amounted to approximately RMB0.48.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Taizhou Water Group Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”). The content of this annual results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to preliminary announcements of audited annual results which is prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Such audited annual results have also been reviewed and confirmed by the Board and the audit committee of the Board (the “**Audit Committee**”). Unless otherwise stated, the financial data of the Company are presented in Renminbi (“**RMB**”).

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	600,802	606,347
Cost of sales		<u>476,317</u>	<u>(461,575)</u>
Gross profit		124,485	144,772
Other income and gains	4	24,364	16,293
Selling expenses		(106)	–
Administrative expenses		(83,358)	(87,287)
Other expenses		(696)	(472)
Finance costs		(136,825)	(131,894)
Share of losses of associates		<u>(27,109)</u>	<u>(19,850)</u>
LOSS BEFORE TAX	5	(99,245)	(78,438)
Income tax expense	6	<u>(18,792)</u>	<u>(32,022)</u>
LOSS FOR THE YEAR		<u>(118,037)</u>	<u>(110,460)</u>
Attributable to:			
Owners of the parent		(95,580)	(84,000)
Non-controlling interests		<u>(22,457)</u>	<u>(26,460)</u>
		<u>(118,037)</u>	<u>(110,460)</u>
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (RMB)	8	<u>(0.48)</u>	<u>(0.42)</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss)/income of associates		<u>(6,029)</u>	<u>27,369</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<u>(6,029)</u>	<u>27,369</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(124,066)</u>	<u>(83,091)</u>
Attributable to:			
Owners of the parent		(101,609)	(56,631)
Non-controlling interests		<u>(22,457)</u>	<u>(26,460)</u>
		<u>(124,066)</u>	<u>(83,091)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,298,525	4,331,872
Prepayments for property, plant and equipment and other intangible assets		2,289	9,652
Prepayments for land use right		–	165
Other intangible assets		1,818	233
Investments in associates		496,541	529,679
Deferred tax assets		26,555	25,213
Right-of-use assets	10	363,882	365,760
Total non-current assets		5,189,610	5,262,574
CURRENT ASSETS			
Inventories		5,275	4,855
Trade receivables	11	143,413	146,801
Prepayments, other receivables and other assets		35,175	32,337
Pledged bank deposits		1,077	8,595
Cash and cash equivalents		321,265	447,830
Total current assets		506,205	640,418
CURRENT LIABILITIES			
Trade payables	12	71,153	75,310
Other payables and accruals		838,416	1,032,517
Interest-bearing bank and other borrowings		20,436	75,536
Corporate debt instruments		154,656	150,891
Deferred government grants		9,745	9,733
Lease liabilities	10	684	684
Tax payable		3,814	14,847
Total current liabilities		1,098,904	1,359,518
NET CURRENT LIABILITIES		(592,699)	(719,100)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,596,911	4,543,474

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,494,758	3,331,784
Deferred government grants		121,971	131,823
Other liabilities		1,784	2,000
		<hr/>	<hr/>
Total non-current liabilities		3,618,513	3,465,607
		<hr/>	<hr/>
Net assets		978,398	1,077,867
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	200,000	200,000
Reserves		570,664	672,273
		<hr/>	<hr/>
		770,664	872,273
		<hr/>	<hr/>
Non-controlling interests		207,734	205,594
		<hr/>	<hr/>
Total equity		978,398	1,077,867
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at No. 308, Yin Quan Road Xicheng Street, Huang Yan District, Taizhou, Zhejiang Province, PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in supplying raw water, municipal water, pipeline direct drinking water, packaged drinking water and tap water directly to end-users and the installation of the water pipelines for distributing tap water to end-users.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 31 December 2024, the Group recorded net current liabilities of approximately RMB592,699,000; in which the Group recorded the other payables and accruals of RMB838,416,000.

In view of the net current liabilities position, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 31 December 2024, the Group had available unutilised bank facilities with a total amount of RMB3,654,590,000 which can be utilised in the next twelve months. Taking into account these additional financial resources available to the Group and the internally generated funds from operations, the directors believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the consolidated financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group only has one reportable operating segment which is water supply and installation of water pipelines. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographic information

(a) *Revenue from external customers*

During the year, the Group operated within one geographical area as all of the Group's revenue was generated from customers located in Mainland China.

(b) *Non-current assets*

All non-current assets of the Group are located in Mainland China.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer 1	149,637	158,783
Customer 2	141,418	149,016
Customer 3	106,652	105,511
Customer 4	<u>86,606</u>	<u>76,945</u>

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u>600,802</u>	<u>606,347</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Type of goods or services		
Sale of water	587,684	585,540
Installation services	13,118	20,807
Total	<u>600,802</u>	<u>606,347</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	587,684	585,540
Services transferred over time	13,118	20,807
Total	<u>600,802</u>	<u>606,347</u>

(a) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Current	<u>6,724</u>	<u>5,101</u>

Contract liabilities represented the obligations to transfer goods to a customer for which the Group has received consideration. The amount was included in “Other payables and accruals” in the consolidated statement of financial position.

(i) Significant changes in contract liabilities

The changes in the contract liabilities are mainly attributable to the short-term advances received to transfer goods to customers and satisfaction of performance obligations.

(ii) Revenue recognised in relation to contract liabilities

The following table shows the amount of revenue recognised during the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Installation services	<u>5,101</u>	<u>4,675</u>

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of water

The performance obligation is satisfied upon delivery of the water and payment is generally due within two months.

Installation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	9,351	10,132
After one year	<u>23,059</u>	<u>16,104</u>
Total	<u>32,410</u>	<u>26,236</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to installation services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income and gains		
Bank interest income	6,335	4,559
Government grants	4,961	270
Value-added tax refund	11,408	10,777
Others	<u>1,653</u>	<u>687</u>
	<u>24,357</u>	<u>16,293</u>
Gains		
Foreign exchange differences, net	<u>7</u>	<u>–</u>
Total other income and gains	<u>24,364</u>	<u>16,293</u>

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Cost of inventories sold*		467,475	446,328
Cost of services provided		8,842	15,247
Depreciation of property, plant and equipment	9	194,657	194,622
Depreciation of right-of-use assets	10	9,935	16,976
Amortisation of other intangible assets**		322	135
(Reversal of impairment)/impairment of trade receivables, net	11	(418)	180
Impairment of other receivables, net		–	2
(Reversal of impairment)/impairment of contract assets, net		(208)	840
Government grants***		(4,961)	(270)
Foreign exchange differences, net		(7)	42
Auditor's remuneration		3,782	3,532
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration):			
Wages and salaries		57,912	54,861
Pension scheme contributions		11,494	10,527
Staff welfare expenses		13,056	12,687
Total		82,462	78,075
Loss on disposal of items of property, plant and equipment		177	62

* The cost of inventories sold includes RMB236,716,000 (2023: RMB236,404,000) relating to staff costs and depreciation of property, plant and equipment for the year, which are also included in the respective total amounts disclosed above for each type of expenses.

** The amortisation of other intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

*** The government grants mainly represent compensation by the local government to support the Group's operation in Taizhou City, the PRC. There were no unfulfilled conditions or contingencies attached to these government grants.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

During the year, except for Taizhou Environmental Development, Xianzhiquan Water and Bishui Water, the provision for current income tax in Mainland China was based on the statutory rate of 25% (2023: 25%) of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

According to the Announcement of the Ministry of Finance and the State Taxation Administration of Taxation on the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Businesses, which became effective on 1 January 2023, Taizhou Environmental Development, Xianzhiquan Water and Bishui Water, which are qualified as small and micro enterprises, were entitled to a preferential income tax rate of 5% (2023: 5%) for the taxable income between Nil and RMB3,000,000 during the year.

The income tax expense of the Group is analysed as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax – Mainland China		
Charge for the year	20,134	31,007
Deferred tax	<u>(1,342)</u>	<u>1,015</u>
Total tax charge for the year	<u>18,792</u>	<u>32,022</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2024 <i>RMB'000</i>	%	2023 <i>RMB'000</i>	%
Loss before tax	<u>(99,245)</u>		<u>(78,438)</u>	
Tax at the statutory tax rate of 25% in Mainland China	(24,811)	25.0	(19,610)	25.0
Lower tax rate for specific provinces or enacted by local authority	518	(0.5)	447	(0.6)
Profits and losses attributable to associates	6,777	(6.8)	4,963	(6.3)
Effect of non-deductible expenses	665	(0.7)	424	(0.5)
Tax losses not recognised	<u>35,643</u>	<u>(35.9)</u>	<u>45,798</u>	<u>(58.4)</u>
Tax charge at the Group's effective rate	<u>18,792</u>	<u>(25.4)</u>	<u>32,022</u>	<u>(40.8)</u>

7. DIVIDENDS

The board of the directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic loss per share is based on:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(95,580)</u>	<u>(84,000)</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	<u>200,000,000</u>	<u>200,000,000</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Pipelines RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	1,356,680	3,368,301	529,254	68,057	12,105	24	283,048	5,617,469
Accumulated depreciation	(363,350)	(580,230)	(274,712)	(57,295)	(10,009)	(1)	-	(1,285,597)
Net carrying amount	<u>993,330</u>	<u>2,788,071</u>	<u>254,542</u>	<u>10,762</u>	<u>2,096</u>	<u>23</u>	<u>283,048</u>	<u>4,331,872</u>
At 1 January 2024, net of accumulated depreciation	993,330	2,788,071	254,542	10,762	2,096	23	283,048	4,331,872
Additions	-	-	24,438	3,017	753	-	134,024	162,232
Disposals	(65)	-	(640)	(175)	(23)	(19)	-	(922)
Depreciation provided during the year	(67,361)	(88,344)	(32,774)	(5,274)	(904)	-	-	(194,657)
Transfers	1,265	-	11,951	6,870	-	-	(20,086)	-
At 31 December 2024, net of accumulated depreciation	<u>927,169</u>	<u>2,699,727</u>	<u>257,517</u>	<u>15,200</u>	<u>1,922</u>	<u>4</u>	<u>396,986</u>	<u>4,298,525</u>
At 31 December 2024:								
Cost	1,357,782	3,368,301	553,089	72,042	12,638	5	396,986	5,760,843
Accumulated depreciation	(430,613)	(668,574)	(295,572)	(56,842)	(10,716)	(1)	-	(1,462,318)
Net carrying amount	<u>927,169</u>	<u>2,699,727</u>	<u>257,517</u>	<u>15,200</u>	<u>1,922</u>	<u>4</u>	<u>396,986</u>	<u>4,298,525</u>

	Buildings RMB'000	Pipelines RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023								
At 1 January 2023:								
Cost	1,323,453	3,239,514	516,602	67,900	12,368	308	305,469	5,465,614
Accumulated depreciation	(292,419)	(491,803)	(243,996)	(55,701)	(9,153)	(230)	–	(1,093,302)
Net carrying amount	<u>1,031,034</u>	<u>2,747,711</u>	<u>272,606</u>	<u>12,199</u>	<u>3,215</u>	<u>78</u>	<u>305,469</u>	<u>4,372,312</u>
At 1 January 2023, net of accumulated depreciation	1,031,034	2,747,711	272,606	12,199	3,215	78	305,469	4,372,312
Additions	4	–	1,059	1,394	80	–	152,190	154,727
Capitalisation of depreciation of right-of- use assets (<i>note 10</i>)	–	–	–	–	–	–	239	239
Disposals	–	–	(11)	(45)	(11)	(20)	(697)	(784)
Depreciation provided during the year	(70,931)	(88,427)	(31,045)	(2,996)	(1,188)	(35)	–	(194,622)
Transfers	<u>33,223</u>	<u>128,787</u>	<u>11,933</u>	<u>210</u>	<u>–</u>	<u>–</u>	<u>(174,153)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation	<u>993,330</u>	<u>2,788,071</u>	<u>254,542</u>	<u>10,762</u>	<u>2,096</u>	<u>23</u>	<u>283,048</u>	<u>4,331,872</u>
At 31 December 2023:								
Cost	1,356,680	3,368,301	529,254	68,057	12,105	24	283,048	5,617,469
Accumulated depreciation	(363,350)	(580,230)	(274,712)	(57,295)	(10,009)	(1)	–	(1,285,597)
Net carrying amount	<u>993,330</u>	<u>2,788,071</u>	<u>254,542</u>	<u>10,762</u>	<u>2,096</u>	<u>23</u>	<u>283,048</u>	<u>4,331,872</u>

10. LEASES

The Group as a lessee

The Group has lease contracts for land used in its operations with lease periods of 2 to 50 years. Lump sum payments were made upfront to acquire certain of these land leases, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Lands <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	373,806	373,806
Additions	9,169	9,169
Depreciation recognised in profit or loss during the year	(16,976)	(16,976)
Depreciation capitalised in property, plant and equipment during the year (<i>note 9</i>)	(239)	(239)
	<u>365,760</u>	<u>365,760</u>
As at 31 December 2023 and 1 January 2024	365,760	365,760
Additions	8,057	8,057
Depreciation recognised in profit or loss during the year	(9,935)	(9,935)
	<u>363,882</u>	<u>363,882</u>
As at 31 December 2024	363,882	363,882

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount at 1 January	684	18,829
Additions	8,057	684
Payments during the year	(8,057)	(18,829)
	<u>684</u>	<u>684</u>
Carrying amount at 31 December	684	684
Analysed into:		
Current portion	684	684
	<u>684</u>	<u>684</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation charge of right-of-use assets	9,935	16,976
	<u>9,935</u>	<u>16,976</u>

11. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	19,271	20,741
Due from related parties	177,519	179,855
	<hr/>	<hr/>
Subtotal	196,790	200,596
Impairment	(53,377)	(53,795)
	<hr/>	<hr/>
Total	143,413	146,801
	<hr/>	<hr/>

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

As at 31 December 2024, certain of the Group's trade receivables with a carrying amount of RMB128,581,000 (2023: RMB130,376,000) were pledged to secure the Group's bank loans.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	120,419	111,854
3 to 6 months	20,345	31,955
6 to 12 months	1,302	1,428
1 to 2 years	1,177	1,429
2 to 3 years	170	135
	<hr/>	<hr/>
Total	143,413	146,801
	<hr/>	<hr/>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	53,795	53,615
(Reversal of impairment)/impairment losses, net	(418)	180
	<hr/>	<hr/>
At end of year	53,377	53,795
	<hr/>	<hr/>

The Group has applied the simplified approach to provide for expected credit losses under HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk characteristics and the days past due of each group of trade receivables to measure the expected credit losses. The Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate. The expected credit losses were determined according to a provision matrix as follows:

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
As at 31 December 2024			
Less than 1 year	142,419	0.25%	353
Between 1 and 2 years	1,436	18.04%	259
Over 2 years	4,255	96.00%	4,085
Default receivables	48,680	100.00%	48,680
	<hr/>		<hr/>
Total	196,790	27.12%	53,377
	<hr/>		<hr/>
As at 31 December 2023			
Less than 1 year	145,736	0.34%	499
Between 1 and 2 years	1,887	24.27%	458
Over 2 years	4,293	96.86%	4,158
Default receivables	48,680	100.00%	48,680
	<hr/>		<hr/>
Total	200,596	26.82%	53,795
	<hr/>		<hr/>

12. TRADE PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	71,153	75,310
	<hr/>	<hr/>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	36,948	48,465
3 to 6 months	3,342	18,479
6 to 12 months	5,154	4,934
Over 12 months	25,709	3,432
	<hr/>	<hr/>
Total	71,153	75,310
	<hr/>	<hr/>

The trade payables are non-interest-bearing and are normally settled on terms of one to two months.

13. SHARE CAPITAL

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Issued and fully paid:		
Domestic shares of 150,000,000 (2023: 150,000,000) of RMB1.00 each	150,000	150,000
H shares of 50,000,000 (2023: 50,000,000) of RMB1.00 each	50,000	50,000
	<u>200,000</u>	<u>200,000</u>

All domestic shares and H shares rank pari passu with each other in terms of dividend and voting rights.

14. CONTINGENT LIABILITIES

A subsidiary of the Group is currently involved as a defendant in two ongoing legal proceedings related to payment settlements for completed projects, with a total disputed amount of RMB47,282,000. The directors believe that the subsidiary has a valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

In 2024, the water supply industry of China has demonstrated a steady yet quality-driven development trajectory, propelled by a combination of policy-driven initiatives, technological innovation, and sustainable development demands. With the introduction of the “Dual Carbon” goals and the release of the “Outline of the National Water Network Construction Plan”^{*} (《國家水網建設規劃綱要》), smart water management has emerged as a pivotal direction for the industry. New-generation information technologies such as the Internet of Things (IoT), big data and artificial intelligence have been deeply integrated into water supply system optimization, pipeline leakage detection and control, and water quality monitoring and early warning systems. This integration is driving the industry’s transition from “securing supply” to “efficient and intelligent supply”.

Simultaneously, multiple departments of the state have continuously issued a number of policies to promote the construction of a water-saving society, focusing on the main theme of “water conservation”. In March 2024, the State Council promulgated the Water Conservation Regulations which aims to address issues in water conservation. At the end of 2023, the Taizhou City government also issued the Taizhou Water Resources Conservation, Protection, and Utilization Master Plan^{*} (《台州市水資源節約保護和利用總體規劃》). The plan aims to fundamentally resolve water resource security issues by 2035 and to achieve a domestic advanced level in the conservation and intensive use of water resources. The water supply industry will pay more attention to resource conservation and environmental protection, and improving water supply efficiency and water quality assurance capabilities will become key focuses in the future.

Looking ahead, with the gradual deepening of the ESG development philosophy, the water supply industry will further transition toward intelligent, low-carbon, intensive and sustainable development, providing a solid foundation for high-quality economic and social growth.

^{*} For identification purposes only

II. DEVELOPMENT STRATEGIES AND OUTLOOK

The year 2025 marks the conclusion of the “14th Five-Year Plan” and the preparation for the “15th Five-Year Plan”. It also coincides with the 30th anniversary of the completion and operation of the Changtan Water Diversion Project Phase I (Huangjiaowen Joint Water Supply Project). This pivotal year will be critical for the Group to accelerate quality and efficiency enhancement, transformation and upgrading. Guided by the national strategic directions of “water conservation priority” and the “Dual Carbon” goals, the Group will anchor the overarching goal of building a modern and comprehensive water group, with smart water management as its core driver. Aligning with water industry policy trends, we will thoroughly implement the spirit of General Secretary Xi Jinping’s important expositions on the reform and development of state-owned enterprises, Party building, and water management, water conservation and water use. The Group will optimize its industrial layout, further strengthen and refine its core businesses, focus on building a higher-standard water supply security system, steadily advance the extension of the industrial chain, accelerate the cultivation and development of new quality productive forces, establish an integrated innovation system of “water services + technology + talent”, enhance core functionalities, elevate core competitiveness, and drive high-quality development of the Group.

BUSINESS REVIEW

As a leading water supply service provider in Taizhou, the Group’s principal businesses are supply of raw water, municipal water, pipeline direct drinking water, packaged drinking water and tap water, ranking the first in Taizhou in terms of raw water and municipal water supply. The Group also offers tap water directly to end-users and engages in the installation of water pipelines for distributing tap water to end-users.

The Group owns, operates and manages the Taizhou Water Supply System (Phase I), the Taizhou Water Supply System (Phase II), the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV). The designed raw water supply capacity is approximately 1,220,000 tonnes per day, and the municipal water supply capacity is 750,000 tonnes per day in the South Area of Taizhou.

1. Raw Water Supply Project

The designed water supply capacity of Taizhou Water Supply System (Phase I) is 250,000 tonnes per day, and the raw water is supplied to local municipal water service providers and Wenling Zeguo Water Supply Co., Ltd. (“**Wenling Zeguo Water Supply**”), a wholly-owned subsidiary of the Company. The raw water supply capacity of Taizhou Water Supply System (Phase II) is 490,000 tonnes per day, of which 380,000 tonnes per day is supplied to Taizhou Water Treatment Plant of the Group. The raw water supply capacity of Taizhou Water Supply System (Phase III) is 480,000 tonnes per day, of which the raw water supply capacity of Taizhou Water Supply System (Phase IV) is 150,000 tonnes per day. For the year ended 31 December 2024, the raw water sales volume was 124.2 million tonnes, representing a decrease of approximately 2.6% as compared with 127.5 million tonnes for the year ended 31 December 2023.

2. Municipal Water Supply Project

Taizhou Water Treatment Plant of the Taizhou Water Supply System (Phase II) has a designed municipal water supply capacity of 366,000 tonnes per day, the water treatment plant in the East Zone of the Taizhou Water Supply System (Phase III) has a designed municipal water supply capacity of 284,000 tonnes per day and the South Bay water treatment plant of the Taizhou Water Supply System (Phase IV) has a designed municipal water supply capacity of 100,000 tonnes per day. Taizhou Water Treatment Plant is responsible for selling municipal water to local municipal water service providers. For the year ended 31 December 2024, municipal water sales volume was 172.3 million tonnes, representing an increase of approximately 3.8% as compared with 166.0 million tonnes for the year ended 31 December 2023.

3. Tap Water Supply Project

As of 31 December 2024, the Group was responsible for supplying tap water to end-users of Zeguo Town, Wenling City (including commercial users, government authorities, industrial users and residential households in Zenguo Town). For the year ended 31 December 2024, tap water sales volume was 12.1 million tonnes, representing an increase of approximately 4.3% as compared with 11.6 million tonnes for the year ended 31 December 2023.

4. Installation Services

In connection with tap water supply services, the Group undertakes local water pipeline installation works to connect new end-users to the Group’s pipeline network and charges an installation fee for such services. For the year ended 31 December 2024, revenue from installation services amounted to RMB13.1 million, representing a decrease of approximately 37.0% as compared with RMB20.8 million for the year ended 31 December 2023.

5. Construction Project

During the Reporting Period, construction projects in progress of the Group are the Taizhou Water Supply System (Phase III), the Taizhou Water Supply System (Phase IV), the Taizhou South Water Resources Optimization Project and the packaged drinking water and the pipeline potable water projects.

The construction of the Taizhou Water Supply System (Phase III) commenced in February 2018 and was put into operation in October 2022. The construction of Taizhou Water Supply System (Phase IV) commenced in November 2018 and was put into operation in August 2022. The construction of Taizhou South Water Resources Optimization Project commenced in October 2023. The construction of the packaged drinking water of Xianzhiquan Water commenced in April 2023 and was formally accepted and put into operation in April 2024. The construction of the first pipeline potable water project of Bishui Water commenced in September 2023.

During the Reporting Period, the acceptance, rectification and settlement of the works of each section of the Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV) were in solid progress. The Group has nearly completed the land expropriation work for the booster pumping station of Taizhou Water Supply System (Phase IV). The Taizhou Water Treatment Plant phase II expansion project has been completed and put into operation. The main pipeline project of the Taizhou South Water Resources Optimization Project (Luqiao-Jiaojiang Water Supply Pipeline) has achieved full connectivity of the entire main pipeline line. After completing the production line acceptance and starting production, Xianzhiquan Water has begun to establish a comprehensive quality control system from the water source to wastewater treatment. Bishui Water has laid out pipeline potable water project in government agencies, enterprises and institutions, and residential areas. Currently, 8 projects have completed pipeline construction or equipment room installation, with 4 projects already put into use.

FINANCIAL REVIEW

1 Analysis of Key Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income

1.1 Revenue

Revenue of the Group decreased by RMB5.5 million or 0.9%, from approximately RMB606.3 million for the year ended 31 December 2023 to approximately RMB600.8 million for the Reporting Period.

(1) Raw water supply

Revenue of the Group generated from sales of raw water remained relatively stable and decreased by RMB9.7 million or 7.1%, from approximately RMB136.2 million for the year ended 31 December 2023 to approximately RMB126.5 million for the Reporting Period.

(2) Municipal water supply

Revenue of the Group generated from sales of municipal water increased by RMB6.6 million or 1.7%, from approximately RMB398.8 million for the year ended 31 December 2023 to approximately RMB405.4 million for the Reporting Period.

(3) Tap water supply

Revenue of the Group generated from sales of tap water increased by RMB4.0 million or 7.9%, from approximately RMB50.5 million for the year ended 31 December 2023 to approximately RMB54.5 million for the Reporting Period.

(4) Installation services

Revenue of the Group generated from installation services decreased by RMB7.7 million or 37.0%, from approximately RMB20.8 million for the year ended 31 December 2023 to approximately RMB13.1 million for the Reporting Period.

1.2 Cost of sales

The Group's cost of sales increased by RMB14.7 million or 3.2%, from approximately RMB461.6 million for the year ended 31 December 2023 to approximately RMB476.3 million for the Reporting Period. The increase was mainly due to higher raw water procurement costs as a result of the cancellation of preferential water resource fees.

1.3 Gross profit and gross profit margin

As a result of the above, the Group's gross profit decreased by RMB20.3 million or 14.0%, from approximately RMB144.8 million for the year ended 31 December 2023 to approximately RMB124.5 million for the Reporting Period. Gross profit margin decreased from 23.9% for the year ended 31 December 2023 to 20.7% for the Reporting Period.

1.4 Other income and gains

Other income and gains increased by RMB8.1 million or 49.7%, from approximately RMB16.3 million for the year ended 31 December 2023 to RMB24.4 million for the Reporting Period, which was mainly due to the increase in government subsidies income of RMB4.6 million in 2024.

1.5 Administrative expenses

Administrative expenses decreased by RMB3.9 million or 4.5%, from approximately RMB87.3 million for the year ended 31 December 2023 to approximately RMB83.4 million for the Reporting Period, which was mainly due to the reduction in the amortization of Taizhou South Bay Water Supply Co., Ltd.'s right-of-use assets.

1.6 Finance costs

Finance costs increased by RMB4.9 million or 3.7%, from approximately RMB131.9 million for the year ended 31 December 2023 to approximately RMB136.8 million for the Reporting Period, which was mainly due to the increased borrowings.

1.7 Income tax expense

Income tax expense decreased by RMB13.2 million or 41.3%, from approximately RMB32.0 million for the year ended 31 December 2023 to approximately RMB18.8 million for the Reporting Period, which was primarily due to the decrease in profit before tax of certain subsidiaries.

1.8 Loss after tax and profit margin after tax

As a result of above, the Group recorded a loss after tax of approximately RMB118.0 million for the Reporting Period as compared to a loss after tax of approximately RMB110.5 million for the year ended 31 December 2023. Profit margin after tax decreased from -18.2% for the year ended 31 December 2023 to -19.6% for the Reporting Period.

2 Analysis of Key Items of Consolidated Statement of Financial Position

2.1 *Property, plant and equipment*

As at 31 December 2023 and 2024, property, plant and equipment were approximately RMB4,331.9 million and RMB4,298.5 million, respectively, and mainly comprised construction in progress, water supply pipelines, buildings, machinery and equipment for water supply business. The decrease was primarily attributable to the depreciation of the fixed assets.

2.2 *Investment in associates*

Investment in associates represented the investments in which the Group had a long term interest of not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence, which included Taizhou Zhuxi Reservoir Development Co., Ltd., Taizhou Water Supply Co., Ltd., Taizhou Jiaobei Water Supply Co., Ltd., Taizhou Luqiao Water Supply Co., Ltd. and Taizhou Huangyan Urban and Rural Water Supply Co., Ltd.

2.3 *Right-of-use assets*

As at 31 December 2023 and 2024, right-of-use assets were approximately RMB365.8 million and RMB363.9 million, respectively.

2.4 *Inventories*

As at 31 December 2023 and 2024, inventories were approximately RMB4.9 million and RMB5.3 million, respectively. Inventories mainly comprised raw materials including chemicals used in the water treatment process.

2.5 *Trade receivables*

As at 31 December 2023 and 2024, trade receivables were approximately RMB146.8 million and RMB143.4 million, respectively. Trade receivables are related to receivables from customers under the water supply business.

2.6 *Prepayments, other receivables and other assets*

As at 31 December 2023 and 2024, prepayments, other receivables and other assets were approximately RMB32.3 million and RMB35.2 million, respectively. Such increase was primarily attributable to the increase in contract assets and deductible value-added tax.

2.7 *Trade payables*

As at 31 December 2023 and 2024, trade payables were approximately RMB75.3 million and RMB71.2 million, respectively. Trade payables mainly comprised outstanding payments for raw water procurement and water resources fee.

2.8 *Other payables and accruals*

As at 31 December 2023 and 2024, other payables and accruals were approximately RMB1,032.5 million and RMB838.4 million, respectively. Such decrease was primarily attributable to the decrease in other payables for the construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV).

2.9 *Deferred government grants*

As at 31 December 2023 and 2024, deferred government grants were approximately RMB141.5 million and RMB131.7 million, respectively. The decrease was mainly due to the amortisation of government grants with no new government subsidies received in 2024.

2.10 *Liquidity and financial resources*

The Group manages its capital to ensure that its entities will be able to operate on a going concern basis and maximises the return to the shareholders of the Company (the “**Shareholders**”) through optimisation of the debt and equity balance. During the Reporting Period, the overall strategy of the Group remained unchanged. The capital structure of the Group consisted of net debt (including borrowings net of cash and cash equivalents which were mainly denominated in Renminbi) and total equity (including paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). The Group was not subject to any externally imposed capital requirements.

As at 31 December 2024, cash and bank balance of the Group was approximately RMB321.3 million (as at 31 December 2023: approximately RMB447.8 million).

As at 31 December 2024, total borrowings of the Group were approximately RMB3,669.9 million (as at 31 December 2023: approximately RMB3,558.2 million) and included bank and other borrowings and debt instruments, with 84.8% of borrowings at floating rates.

As at 31 December 2024, gearing ratio of the Group (total debts divided by total equity as at the year end) was 375.1% (as at 31 December 2023: 330.1%). The increase in gearing ratio was mainly due to the increase in bank borrowings of approximately RMB162.5 million for the construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV).

Significant Investments

For the year ended 31 December 2024, the Group did not hold any significant investment in equity interest in any other company (for the year ended 31 December 2023: nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Pledge of the Group's Assets

During the Reporting Period, the bank and other borrowings of the Group amounted to RMB3,515.2 million (for the year ended 31 December 2023: RMB3,406.8 million), which were secured by the Group's trade receivables, the right of charge on the future revenue generated by Taizhou Water Supply System (Phase I, Phase II, Phase III and Phase IV). Save as disclosed above, as at the end of the Reporting Period, the Group did not pledge any other assets.

Foreign Exchange Risk

The Group carries out business in the PRC and receives revenue and pays its costs and expenses in RMB. The Group had bank deposits in Hong Kong dollar and the distributed dividends in Hong Kong dollar. The Group recognised net foreign exchange profit of approximately RMB6,776 during the Reporting Period. The Group does not currently hedge its exposure to foreign currencies. The Group will continue to monitor foreign exchange movements to maximise the Group's cash values.

Contingent Liabilities

A subsidiary of the Group is currently involved as a defendant in two ongoing legal proceedings related to payment settlements for completed projects, with a total disputed amount of RMB 47,282,000. The directors believe that the subsidiary has a valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

Subsequent Events after Reporting Period

On 27 December 2024, the Board proposed that, in order to enhance the Company's financing capabilities, optimize its capital structure, and reduce financing costs, the Board has resolved to submit to the Shareholders for consideration and approval (1) the proposed issuance of the renewable corporate bonds to be issued by the Company in the PRC with an aggregate principal amount of not more than RMB400 million (RMB400 million inclusive) (the “**Renewable Corporate Bonds**”), and (2) the proposed authorisation to the Board or the executive Directors to deal with the matters relating to the issue of Renewable Corporate Bonds in the PRC. The above resolutions were passed as special resolutions at the extraordinary general meeting of the Company held on 17 January 2025.

For details, please refer to the announcements of the Company dated 27 December 2024 and 17 January 2025, and the circular of the Company dated 31 December 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 255 employees (as at 31 December 2023: 251). During the Reporting Period, employees benefit expense amounted to approximately RMB85.2 million (for the year ended 31 December 2023: RMB80.9 million). The employees of the Group are generally remunerated by way of fixed salary, and are also entitled to a performance-based bonus, paid leave and various subsidies. During the Reporting Period, the Group did not experience any significant labour disputes causing any material impact on its normal business operations.

ANNUAL GENERAL MEETING

The Company will hold the annual general meeting on Friday, 27 June 2025 (the “**2025 AGM**”). A notice convening the 2025 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Wednesday, 28 May 2025 to Friday, 27 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to be eligible for attending the 2025 AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 27 May 2025.

CORPORATE GOVERNANCE PRACTICES

The Group strived to maintain high standards of corporate governance in order to safeguard the interests of Shareholders and enhance the corporate value and accountability. The Company has adopted the principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the code provisions set out in the CG Code. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

MODEL CODE REGARDING SECURITIES TRANSACTIONS CONDUCTED

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions conducted by the Directors and supervisors of the Company (the “**Supervisor**”). Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the required standard set out in the Model Code during the Reporting Period.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES

Neither the Company, nor any of its subsidiaries had bought back, sold or redeemed any of the Company’s listed securities (including sale or transfer of treasury Shares (as defined in Rule 1.01 of the Listing Rules), if any) during the Reporting Period.

THE AUDIT COMMITTEE

The Company has established the audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Paragraph D.3 of the CG Code. The Audit Committee consists of two independent non-executive Directors including Mr. Li Wai Chung and Ms. Hou Meiwen and one non-executive Director, Mr. Lin Genman. The Audit Committee is chaired by Mr. Li Wai Chung.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, the audited annual results and the audited consolidated financial statements of the Company for the year ended 31 December 2024. The Audit Committee also approved the annual results and the consolidated financial statements for the year ended 31 December 2024 and submitted them to the Board for approval.

SCOPE OF WORK OF THE AUDITORS ON THE ANNUAL RESULTS ANNOUNCEMENT

The financial information set out in this announcement does not constitute the Group’s audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the auditors of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR 2024 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zjtzwater.com). The annual report for 2024 containing all information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Taizhou Water Group Co., Ltd.*
台州市水務集團股份有限公司
Yang Jun
Chairman and Executive Director

Taizhou, the PRC
28 March 2025

As at the date of this announcement, the executive Directors are Mr. Yang Jun and Mr. Pan Gang; the non-executive Directors are Mr. Lin Genman, Ms. Fang Ya, Mr. Yu Yangbin, Mr. Yang Yide, Mr. Lin Yang, Mr. Shao Aiping, Ms. Ying Nan and Ms. Mo Danjun; and the independent non-executive Directors are Mr. Huang Chun, Ms. Lin Suyan, Ms. Hou Meiwen, Mr. Li Wai Chung and Mr. Wang Yongyue.

* *For identification purpose only*