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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)

CONTINUING CONNECTED TRANSACTION IN RESPECT OF CHANGTAN RESERVOIR WATER SUPPLY

Reference is made to the announcement of the Company dated 31 March 2023 in relation to the entering into of the 2023 Huangyan Reservoir Water Supply Framework Agreement which expired on 31 December 2025. Since 1 January 2026, Huangyan Reservoir Development has continued to provide raw water from Changtan Reservoir (長潭水庫) to the Company under the existing arrangements. The Company and Huangyan Reservoir Development are currently negotiating the 2026 Huangyan Reservoir Water Supply Framework Agreement, which will govern the terms and conditions of the transactions between the Company and Huangyan Reservoir Development in respect of the provision of raw water by Huangyan Reservoir Development to the Group for a term commencing on 1 January 2026 and ending on 31 December 2028.

As at the date of this announcement, the Company and Huangyan Reservoir Development had not entered into the 2026 Huangyan Reservoir Water Supply Framework Agreement or other written agreement in relation to the 2026 January Transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huangyan Reservoir Development is an indirect wholly-owned subsidiary of Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd.* (台州市黃岩國有資本投資運營集團有限公司), the holding company of Yongning Financial Consulting, which is a substantial Shareholder holding approximately 13.34% of the total issued share capital of the Company. Accordingly, Huangyan Reservoir Development is a connected person of the Company under the Listing Rules.

The historical transaction amount of 2026 January Transaction was approximately RMB7.3 million. As the applicable percentage ratios in respect of the 2026 January Transaction are less than 25% and the total consideration is less than HK$10 million, the 2026 January Transaction is subject only to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 31 March 2023 in relation to the entering into of the 2023 Huangyan Reservoir Water Supply Framework Agreement which expired on 31 December 2025. Since 1 January 2026, Huangyan Reservoir Development has continued to provide raw water from Changtan Reservoir (長潭水庫) to the Company under the existing arrangements.

2026 JANUARY TRANSACTION

The 2026 January Transaction was conducted on similar terms pursuant to the 2023 Huangyan Reservoir Water Supply Framework Agreement.

Subject Matter

Huangyan Reservoir Development provided raw water supply services to the Group.

Pricing Guideline

The price of the raw water provided by Huangyan Reservoir Development to the Group was determined according to the water price per cubic meter as approved and promulgated by Taizhou DRC.

Historical Transaction Amount

The historical transaction amount of the 2026 January Transaction was approximately RMB7.3 million.

Payment

Payment for the transactions shall be made on a monthly basis based on the volume of water supplied to the Group.

STATUS OF THE 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT

As disclosed in the Prospectus and the 2024 Annual Report of the Company, all of the water of the Group is drawn from Changtan Reservoir (長潭水庫). Pursuant to the Minutes of the 16th Executive Meeting of the People's Government of Huangyan District of Taizhou City* (《台州市黃岩區人民政府第16次常務會議紀要》) (the "**Minutes**"), the administration rights of Changtan Reservoir have been transferred to Huangyan Reservoir Development. As such, the Company has been liaising with Huangyan Reservoir Development for the entry of the 2026 Huangyan Reservoir Water Supply Framework Agreement to continue sourcing the raw water from Huangyan Reservoir Development since August 2025. As at the date of this announcement, the Company did not enter into the 2026 Huangyan Reservoir Water Supply Framework Agreement or agreement in relation to 2026 January Transaction due to the unexpected prolonged internal approval procedure of Huangyan Reservoir Development.

The 2026 Huangyan Reservoir Water Supply Framework Agreement will govern the terms and conditions of the transactions between the Company and Huangyan Reservoir Development in respect of the provision of raw water by Huangyan Reservoir Development to the Group for a term commencing on 1 January 2026 and ending on 31 December 2028, on terms substantially similar to those set out in the paragraph headed "2026 January Transaction".

The expected annual cap for the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement payable by the Company to Huangyan Reservoir Development is RMB80,000,000 for each of the three years ending 31 December 2028. The proposed annual caps are determined with reference to (i) the historical transaction amounts of raw water supply services from Changtan Reservoir for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025; and (ii) the Group's water intake limit stated in the water intake permit (取水許可證).

Reasons for the Continuing Connected Transaction

The Group has been drawing raw water from Changtan Reservoir, the largest reservoir in Taizhou in terms of storage capacity since 1995, which will then be transmitted through the Taizhou Water Supply System (Phases I, II and III) to municipal water service providers or be processed by the Taizhou Water Treatment Plant, and ultimately to end-users. Pursuant to the Minutes, the administration right of Changtan Reservoir has been transferred to Huangyan Reservoir Development. In view of the above and for the purpose of securing the source of raw water supply from Changtan Reservoir, the Company considers that the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement will continue to provide the Group with stable source of raw water for its business operation.

Pursuant to the Group's water intake permit (取水許可證), the raw water supply from Changtan Reservoir will not be suspended despite the absence of the 2026 Huangyan Reservoir Water Supply Framework Agreement. To protect the public interest, the Company has sourced and will continue to source raw water from Changtan Reservoir to ensure a stable supply of water for the residents in Taizhou.

LISTING RULES IMPLICATIONS

Connected Person

As at the date of this announcement, Huangyan Reservoir Development is an indirect wholly-owned subsidiary of Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd.* (台州市黃岩國有資本投資運營集團有限公司), the holding company of Yongning Financial Consulting, which is a substantial Shareholder holding approximately 13.34% of the total issued share capital of the Company. Accordingly, Huangyan Reservoir Development is a connected person of the Company under the Listing Rules.

2026 January Transaction

The historical transaction amount of 2026 January Transaction was approximately RMB7.3 million. As the applicable percentage ratios in respect of the 2026 January Transaction are less than 25% and the total consideration is less than HK$10 million, the 2026 January Transaction is subject only to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2026 January Transaction was carried out in the ordinary and usual course of business of the Group, but no written agreement has been entered into in relation the transaction. The failure to entering into a written agreement regarding the transaction and the failure to timely disclose the transaction constitute a breach of Rules 14A.34 and 14A.35 of the Listing Rules. The failure to entering into a written agreement was due to the unexpected prolonged internal approval procedure of Huangyan Reservoir Development for a written agreement, despite of the 2026 January Transaction. The failure of timely disclosure was due to the unintentional negligence of the Company.

2026 Huangyan Reservoir Water Supply Framework Agreement

As one or more of the applicable percentage ratios in respect of the proposed annual caps of the 2026 Huangyan Reservoir Water Supply Framework Agreement exceeds 5%, the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon entering into the 2026 Huangyan Reservoir Water Supply Framework Agreement, the Company will publish announcement(s) and circular(s) in accordance with the Listing Rules and seek Independent Shareholders' approval as soon as practicable.

MEASURES ADOPTED BY THE COMPANY ON FUTURE COMPLIANCE WITH THE LISTING RULES

The failure to make timely disclosure as mentioned above was due to unintentional negligence of the Company. As such, the Company shall implement measures to strengthen its internal control procedure to ensure timely compliance with the relevant requirements of the Listing Rules. To prevent recurrence of similar event, the Directors, management, staffs of finance department and accounting department of the Company will closely monitor and review the continuing connected transactions of the Company from time to time. The Company will strengthen the reporting and documentation system of the Group.

INFORMATION OF THE PARTIES

The Company

The Company is a leading water supply service provider in Taizhou principally engaged in the supply of raw water and municipal water. The Company also supplies tap water directly to end-users and engages in the installation of the water pipelines for distributing tap water to its end-users in Taizhou.

Huangyan Reservoir Development

Huangyan Reservoir Development is principally engaged in the construction, operation and management of reservoirs, as well as the sale of raw water, etc. As at the date of this announcement, Huangyan Reservoir Development is an indirect wholly-owned subsidiary of Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd.* (台州市黃岩國有資本投資運營集團有限公司), the holding company of Yongning Financial Consulting, which is a substantial Shareholder holding approximately 13.34% of the total issued share capital of the Company. Huangyan Reservoir Development is ultimately wholly-owned by the Finance Bureau of Huangyan District of Taizhou.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

"2023 Huangyan Reservoir Water Supply Framework Agreement"	an agreement dated 31 March 2023 entered into between the Company and Huangyan Reservoir Development in respect of the provision of raw water supply services by Huangyan Reservoir Development to the Group
"2026 Huangyan Reservoir Water Supply Framework Agreement"	an agreement to be entered into between the Company and Huangyan Reservoir Development in respect of the provision of raw water supply services by Huangyan Reservoir Development to the Group

"2026 January Transaction"	provision of raw water supply services by Huangyan Reservoir Development to the Group between 1 January 2026 and 29 January 2026, the day prior to the date of this announcement
"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special administrative Region of the PRC and Taiwan
"Company"	Taizhou Water Group Co., Ltd.* (台州市水務集團股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group", "we" or "our"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huangyan Reservoir Development"	Huangyan Reservoir Development Operation Co., Ltd.* (台州市黃岩水庫開發經營有限公司), an indirect wholly-owned subsidiary of the Finance Bureau of Huangyan District of Taizhou
"Independent Shareholders"	Shareholders who do not have a material interest in the 2026 Huangyan Reservoir Water Supply Framework Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Prospectus"	the prospectus of the Company dated 17 December 2019
"RMB"	Renminbi, the lawful currency of the PRC

"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary/(ies)"	has the meaning ascribed to it under the Listing Rules
"Taizhou DRC"	Taizhou Development and Reform Commission (台州市發展和改革委員會)
"Yongning Financial Consulting"	Zhejiang Yongning Financial Consulting Co., Ltd.* (浙江永寧財務諮詢有限公司), a limited liability company established in the PRC which holds approximately 13.34% of the total issued share capital of the Company as at the date of this announcement
"%"	per cent

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
30 January 2026

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 Feng, Mr. Lin Yang, Mr. Shao Aiping, Ms. Ying Nan and Mr. Ye Xiaofeng; and the independent non-executive Directors are Mr. Huang Chun, Ms. Hou Meiwen, Mr. Li Wai Chung, Ms. Lin Suyan and Mr. Wang Yongyue.

* *For identification purpose only*