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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 TRANSACTIONS IN RESPECT OF CHANGTAN RESERVOIR WATER SUPPLY

References are made to the announcements of the Company dated 30 January 2026 and 12 March 2026. On 31 March 2026, the Company and Huangyan Reservoir Development entered into the 2026 Huangyan Reservoir Water Supply Framework Agreement to 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 the date of the agreement and ending on 31 December 2028.

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.

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.

GENERAL

A circular containing, among other things, (i) details of the 2026 Huangyan Reservoir Water Supply Framework Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders with respect to the 2026 Huangyan Reservoir Water Supply Framework Agreement; (iii) the advice and recommendation from the Independent Financial Adviser with respect to the 2026 Huangyan Reservoir Water Supply Framework Agreement; and (iv) a notice convening the general meeting together with the proxy form and the reply slip, will be despatched to the Shareholders on or before 15 April 2026 as additional time is required for preparing the information to be included in the circular.

References are made to the announcements of the Company dated 30 January 2026 and 12 March 2026 (the "**Announcements**"). Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements. Since 1 January 2026, Huangyan Reservoir Development has continued to provide raw water from Changtan Reservoir (長潭水庫) to the Company.

STATUS OF THE 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT

Since the expiry of the 2023 Huangyan Reservoir Water Supply Framework Agreement, 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. On 31 March 2026, the Company entered into the 2026 Huangyan Reservoir Water Supply Framework Agreement to 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 the date of the agreement and ending on 31 December 2028.

Principal Terms

The principal terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement are set out as follows:

Date: 31 March 2026

Parties:

(i) the Company; and

(ii) Huangyan Reservoir Development

Term:	Commencing on the date of 2026 Huangyan Reservoir Water Supply Framework Agreement and ending on 31 December 2028.
Subject Matter:	Huangyan Reservoir Development agreed to provide raw water supply services to the Group.
Pricing guideline:	The prices of the sales of raw water supply services provided by Huangyan Reservoir Development to the Group shall be determined on the basis of (i) the water prices as approved by Taizhou DRC; and (ii) the price adjustment as fixed and promulgated by Taizhou DRC.
Payment term:	Payment for the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement shall be made on a monthly basis based on the volume of water supplied to the Group.

Historical Transaction Amount, Annual Caps and Basis for Determining the Annual Caps

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). The transaction amounts in respect of the raw water supply services from Changtan Reservoir to the Group were approximately RMB43.1 million, RMB84.4 million and RMB70.9 million for the years ended 31 December 2023, 2024 and 2025, respectively. 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 entered into the 2026 Huangyan Reservoir Water Supply Framework Agreement to continue sourcing the raw water from Huangyan Reservoir Development.

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 were determined with reference to (i) the historical transaction amounts of raw water supply services from Changtan Reservoir for the years ended 31 December 2023, 2024 and 2025; and (ii) the Group's water intake limit from Changtan Reservoir stated in the water intake permit (取水許可證).

Reasons for and Benefits of Entering into the Continuing Connected Transactions

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 rights of Changtan Reservoir were transferred to Huangyan Reservoir Development. Given that the 2023 Huangyan Reservoir Water Supply Framework Agreement expired on 31 December 2025 and for the purpose of securing the source of raw water supply from Changtan Reservoir, the Company decided to enter into the 2026 Huangyan Reservoir Water Supply Framework Agreement, the terms and conditions of which are substantially the same as those of the 2023 Huangyan Reservoir Water Supply Framework Agreement. The Company considers that the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement will provide the Group with stable source of raw water for its business operation.

In light of the above, the Directors (other than the independent non-executive Directors whose view will be set forth in the circular after reviewing and considering the advice from the Independent Financial Adviser) consider that the 2026 Huangyan Reservoir Water Supply Framework Agreement is entered into in the usual and ordinary course of business of the Group, is conducted on an arm's length basis and on normal commercial terms, and in the interests of the Company and the Shareholders as a whole, and the terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement (including the proposed annual caps) are fair and reasonable.

As Ms. Fang Ya, a non-executive Director, is a director nominated by Yongning Financial Consulting, which is a 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 Huangyan Reservoir Development, she is deemed to have a material interest in the 2026 Huangyan Reservoir Water Supply Framework Agreement and has abstained from voting on the board resolution in respect of the 2026 Huangyan Reservoir Water Supply Framework Agreement. Save as disclosed above, none of the Directors has material interest in the 2026 Huangyan Reservoir Water Supply Framework Agreement, and therefore no other Director has abstained from voting on such board resolution.

Internal Control Policies and Procedures

In order to ensure that the pricing mechanism and terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement are fair and reasonable and no less favourable than the terms provided by any independent third parties to the Group, the Group has established a series of internal control procedures as follows:

(1) The finance department of the Company shall regularly monitor the caps of connected transactions, count the accumulated amounts of transactions with Huangyan Reservoir Development by the end of the month on a monthly basis and report to the management the unutilised balance of the annual caps by the end of each month, to ensure the applicable annual caps are not exceeded. When the projected transaction amount approaches or reaches the applicable annual caps, the Company shall revise the annual cap in accordance with the internal control procedures governing the connected transactions.

(2) The finance department of the Company will regularly keep abreast of the changes in policies for the water price promulgated by Taizhou DRC from time to time to ensure that the water price approved by the government authorities is timely executed.

(3) The production departments of the Group will closely monitor and report any circumstances which may have impact on the applicable annual caps under the 2026 Huangyan Reservoir Water Supply Framework Agreement such as water price adjustment as fixed and promulgated by the relevant government authorities.

(4) The external auditors of the Group will issue a letter to the Board in relation to the continuing connected transactions, including the transactions under the 2026 Huangyan Reservoir Water Supply Framework Agreement, for each financial year in accordance with Rule 14A.56 of the Listing Rules.

(5) The independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions, including the transactions under the 2026 Huangyan Reservoir Water Supply Framework Agreement, throughout the preceding financial year, and give confirmation in accordance with Rules 14A.55 and 14A.71 of the Listing Rules.

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.

LISTING RULES IMPLICATIONS

2026 Huangyan Reservoir Water Supply Framework Agreement

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.

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.

The Independent Board Committee comprising all independent non-executive Directors will be established to advise the Independent Shareholders in respect of the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder. Honestum International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder.

Yongning Financial Consulting and its associates, which hold approximately 13.34% of the total issued share capital of the Company as at the date of this announcement, will abstain from voting at the general meeting in respect of the resolution to approve the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) details of the 2026 Huangyan Reservoir Water Supply Framework Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders with respect to the 2026 Huangyan Reservoir Water Supply Framework Agreement; (iii) the advice and recommendation from the Independent Financial Adviser with respect to the 2026 Huangyan Reservoir Water Supply Framework Agreement; and (iv) a notice convening the general meeting together with the proxy form and the reply slip, will be despatched to the Shareholders on or before 15 April 2026 as additional time is required for preparing the information to be included in the circular.

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
2 April 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*