THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Taizhou Water Group Co., Ltd.**, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) PROPOSED PROFIT DISTRIBUTION PLAN; (2) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT; (3) PROPOSED RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR OF THE COMPANY FOR THE YEAR 2026 AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR REMUNERATIONS FOR THE YEAR 2026; AND (4) NOTICE OF THE ANNUAL GENERAL MEETING

A notice convening the AGM of the Company to be held at Conference Room, Taizhou Water Group Co., Ltd., No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC at 3:00 p.m. on Friday, 26 June 2026 is set out on pages AGM-1 to AGM-3 of this circular. A form of proxy for use at the AGM is also enclosed with this circular. Whether or not you intend to attend and vote at the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H Share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in respect of holders of H Shares), or to the Company's registered office in the PRC at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC (in respect of holders of Domestic Shares) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the AGM (i.e. before 3:00 p.m. on Thursday, 25 June 2026) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish and in such event the form of proxy shall be deemed to be revoked.

* *For identification purposes only*

28 May 2026

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NOTICE OF AGM AGM-1

In this circular, unless the context otherwise requires, the following expressions shall 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 dated 31 March 2026 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
"AGM" or "Annual General Meeting"	the annual general meeting of the Company for the year ended 31 December 2025 to be held at Conference Room, Taizhou Water Group Co., Ltd., No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC at 3:00 p.m. on Friday, 26 June 2026 or any adjournment thereof
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board" or "Board of Directors"	the board of directors of the Company
"Chairman"	the chairman of the Board of Directors of the Company
"China" or "PRC"	the People's Republic of China, which for the purpose of this circular 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 (stock code: 1542)
"Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as promulgated by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"Domestic Share(s)"	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"Group", "we" or "our"	the Company and its subsidiaries
"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 HKD
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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 Board Committee"	an independent committee of the Board, comprising all five independent non-executive Directors, established to advise the Independent Shareholders in respect of the 2026 Huangyan Reservoir Water Supply Framework Agreement
"Independent Financial Adviser" or "Beta Global Capital"	Beta Global Capital Limited (formerly known as Honestum International Limited), a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company 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
"Independent Shareholders"	Shareholders who do not have a material interest in the 2026 Huangyan Reservoir Water Supply Framework Agreement
"Independent Third Party(ies)"	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries

"Latest Practicable Date"	21 May 2026, being the latest practicable date prior to the printing and/or publication of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Notice of AGM"	the notice convening the AGM set out on pages AGM-1 to AGM-3 of this circular
"Prospectus"	the prospectus of the Company dated 17 December 2019
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the Domestic Share(s) and/or the H Share(s)
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiary/(ies)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"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 Latest Practicable Date
"%"	per cent

* *For identification purposes only*

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)

Executive Directors:
Mr. Yang Jun *(Chairman)*
Mr. Pan Gang

Non-executive Directors:
Mr. Lin Genman
Ms. Fang Ya
Mr. Yu Yangbin
Mr. Yang Feng
Mr. Lin Yang
Mr. Shao Aiping
Ms. Ying Nan
Mr. Ye Xiaofeng

Independent non-executive Directors:
Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen
Mr. Li Wai Chung
Mr. Wang Yongyue

Registered Office and Principal Place of Business in the PRC:
No. 308 Yin Quan Road
Xicheng Street
Huangyan District
Taizhou, Zhejiang Province
PRC

Principal Place of Business in Hong Kong:
19/F., Golden Centre
188 Des Voeux Road Central
Hong Kong

28 May 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED PROFIT DISTRIBUTION PLAN;
(2) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT;
(3) PROPOSED RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR OF THE COMPANY FOR THE YEAR 2026 AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR REMUNERATIONS FOR THE YEAR 2026;
AND
(4) NOTICE OF THE ANNUAL GENERAL MEETING

1. INTRODUCTION

At the Annual General Meeting, resolutions will be proposed for the Shareholders to consider and, if thought fit, approve, among other matters, (1) the proposed profit

* *For identification purposes only*

distribution plan; (2) continuing connected transactions in respect of 2026 Huangyan Reservoir Water Supply Framework Agreement; and (3) the proposed re-appointment of international auditor and domestic auditor of the Company for the year 2026 and authorisation to the Board to determine their remunerations for the year 2026, and to give you the Notice of AGM.

2. PROPOSED PROFIT DISTRIBUTION PLAN

The Board has resolved to submit to the Shareholders for their consideration and approval a profit distribution plan for the year ended 31 December 2025. Taking into account that the Company recorded a loss attributable to owners of the parent for the year ended 31 December 2025 amounted to approximately RMB71.6 million, the Board proposed that no dividend will be distributed to the Shareholders for the year ended 31 December 2025 (the "**Profit Distribution Plan for 2025**").

According to the Company Law and the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the Company's Profit Distribution Plan for 2025.

3. CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 30 January 2026, 12 March 2026 and 2 April 2026 in relation to, among others, the continuing connected transactions in respect of 2026 Huangyan Reservoir Water Supply Framework Agreement.

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 agreement and ending on 31 December 2028.

Since 1 January 2026 and prior to the date of 2026 Huangyan Reservoir Water Supply Framework Agreement, Huangyan Reservoir Development has continued to provide raw water from Changtan Reservoir (長潭水庫) to the Company.

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 of agreement:	Commencing on the date of agreement and ending on 31 December 2028.
Subject Matter:	Huangyan Reservoir Development agreed to provide raw water supply services to the Group from 1 January 2026 to 31 December 2028.
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, in particular the transaction amounts of RMB84.4 million and RMB70.9 million for the years ended 31 December 2024 and 2025, respectively, which were close to the expected annual cap of RMB80 million; (ii) the Group's water intake limit from Changtan Reservoir stated in the water intake permit (取水許可證), representing approximately 100% utilisation rate of the current water intake limit for the financial years ending 2026 to 2028 and (iii) room for any price adjustment to be determined by the Taizhou DRC or any unexpected demand of raw water.

Having considered the above factors determining the proposed annual caps and that the proposed annual caps will allow the Group to maintain a stable supply of raw water from Changtan Reservoir to cater for the changes in market demands and ensure the Company's income and business growth, the Directors considered the proposed annual caps are fair and reasonable.

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 (including the independent non-executive Directors whose view is based on 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 about 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 Latest Practicable Date, 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 Rule Implications

2026 Huangyan Reservoir Water Supply Framework Agreement

As at the Latest Practicable Date, 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 has been established to advise the Independent Shareholders in respect of the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder. Beta Global Capital 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 26,679,541 Domestic Shares, representing approximately 13.34% of the total issued share capital of the Company as at the Latest Practicable Date, will abstain from voting at the AGM in respect of the resolution to approve the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed above, there are no other Shareholders who have a material interest in the 2026 Huangyan Reservoir Water Supply Framework Agreement. As such, no other Shareholders will be required to abstain from voting on the ordinary resolution approving the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder.

Non-compliance with the Listing Rules

As the 2026 Huangyan Reservoir Water Supply Framework Agreement was entered into on 31 March 2026 and no written agreement has been entered into in relation to the transaction between the Group and Huangyan Reservoir Development before 31 March 2026, the failure to enter into a written agreement and obtain Independent Shareholders' approval in respect of the transaction constitutes a breach of Rules 14A.34, 14A.35 and 14A.36 of the Listing Rules.

The Company had 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. The Company did not enter into the 2026 Huangyan Reservoir Water Supply Framework Agreement prior to the expiry of 2023 Huangyan Reservoir Water Supply Framework Agreement due to the unexpected prolonged internal approval procedure of Huangyan Reservoir Development. The Company has had disputes with the parent company of Huangyan Reservoir Development regarding the practical operations of the integrated water supply management within the Taizhou urban area. As the discussion on this matter is time-consuming, the approval process of Huangyan Reservoir Development for 2026 Huangyan Reservoir Water Supply Framework Agreement has been affected. The Company has submitted the draft 2026 Huangyan Reservoir Water Supply Framework Agreement to Huangyan Reservoir Development in August 2025. Since August 2025, the legal and audit manager of the Company and the general manager have been regularly following up with the general manager of Huangyan Reservoir Development on its internal approval progress regarding the signing of the 2026 Huangyan Reservoir Water Supply Framework Agreement. Between November 2025 and February 2026, Mr. Pan Gang, Director, and our general manager of the Company, met multiple times with the chairman of Huangyan Reservoir Development and the Deputy General Manager in charge of this matter to discuss the signing of the 2026 Huangyan Reservoir Water Supply Framework Agreement (the "**Signing**"). Huangyan Reservoir Development replied that they needed to report to the higher competent authorities regarding the Signing. On 3 December 2025, the Company sent a letter to Huangyan Reservoir Development, reiterating

the request to complete the Signing before the expiry of 2023 Huangyan Reservoir Water Supply Framework Agreement. As approval from higher competent authorities had not been obtained, Huangyan Reservoir Development was unable to sign the agreement with the Company. During the meeting of The People's Congress of Taizhou City, the Company's Chairman took the opportunity during a break to discuss the matter with the District Mayor of Huangyan. Subsequently, the District Mayor instructed the Deputy District Mayor in charge to coordinate the matter. On 13 March 2026, a coordination meeting was successfully held. The Company's Chairman and general manager, along with the general manager of Huangyan Reservoir Development and the deputy general manager responsible for this matter, attended the meeting to discuss the signing arrangements. Subsequently, the 2026 Huangyan Reservoir Water Supply Framework Agreement was signed.

The Company takes the incident seriously and will take the following remedial measures to prevent the re-occurrence of similar incident:

(i) The Company will enhance its internal control procedures for connected transactions and require all the Directors, senior management and staffs of the Group to strictly comply with them, including initiated early-stage engagement with relevant connected persons to ensure sufficient lead time for the execution of agreements in a timely manner (for transaction with Huangyan Reservoir Development, the Company shall commence negotiation six months prior to the expiry of agreement) and an established reporting channel to follow up on the progress of execution of agreements. For the transaction with Huangyan Reservoir Development, the audit and legal manager is responsible for liaising with the counterparty and shall report to the secretary to the Board and the general manager on a weekly basis regarding the progress of the signing. The audit and legal manager of the Company shall commence negotiation with the counterparty six months prior to the expiry of the agreement, including informing the counterparty of the deadline for signing the renewal agreement and the key terms to be agreed upon, and requesting a preliminary reply from Huangyan Reservoir Development within one month. Taking into account that the Group's right to access water from Changtan Reservoir is established by a water intake permit issued by Taizhou Water Conservancy Bureau (台州市水利局) and that the price of the raw water is determined according to the water price as approved and promulgated by Taizhou DRC, the Company does not expect that a long negotiation process will be required regarding the terms of the agreement. In the event that Huangyan Reservoir Development refuses to renew the agreement due to other considerations, the general manager of the Company shall meet with the general manager of the parent company of Huangyan Reservoir Development. In case disputes remain unresolved, around four months ahead of the expiry of the agreement, the Chairman will liaise with the government officials of Huangyan District and request that the government officials coordinate the convening of a meeting to expedite the signing. If the dispute cannot be resolved at the Huangyan

district government level, the Chairman shall report to and request that Taizhou Municipal SASAC (台州市國資委) coordinate the resolution of the dispute and renewal of the agreement. The Company aims to resolve any disputes that may arise by three months before the expiry of the agreement.

The Chairman is responsible for the overall monitoring of the Group's connected transactions. For the transaction with Huangyan Reservoir Development, upon the commencement of negotiations regarding the renewal of the agreement, the Chairman shall closely monitor the progress of the signing on a monthly basis and, if necessary, liaise with the corresponding party, as illustrated above, to expedite the signing;

(ii) Ongoing trainings will be provided by external advisers, including the Hong Kong legal advisers of the Company to the Directors, senior management and relevant employees (including all employees from the Board office, managers from the legal department and finance department and staff from the business development department) at least once annually to familiarize them with the requirements of the Listing Rules and reinforce their knowledge with respect to connected transactions, in particular the requirement of written agreement for a connected transaction and the timeliness of announcing the connected transactions. Such training was provided to the Directors on 27 March 2026.

4. PROPOSED RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR OF THE COMPANY FOR THE YEAR 2026 AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR REMUNERATIONS FOR THE YEAR 2026

The financial statements of the Group for the year ended 31 December 2025 were audited by Ernst & Young and Grant Thornton International Ltd. (致同會計師事務所) ("**GTIL**") as the international auditor and the domestic auditor of the Company whose terms of office will expire upon the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to approve the re-appointment of Ernst & Young and GTIL as the international auditor and the domestic auditor of the Company for the year ending 31 December 2026, respectively, to hold office until the conclusion of the next annual general meeting and to authorise the Board to determine their remunerations for the year ending 31 December 2026.

The audit fee payable to Ernst & Young and GTIL for providing audit services to the Company for the year ending 31 December 2026 is estimated to be approximately RMB2.58 million and RMB0.43 million (pre-tax), respectively. Such estimated audit fee is agreed between the Company and each of Ernst & Young and GTIL and was determined after taking into account factors including the complexity and scale of the Group's business operations, the expected scope of the audit work, the audit timetable and the level of resources required for the audit engagement.

The estimated audit fee is based on the information currently available as at the Latest Practicable Date. The final audit fee may be adjusted if there is a material change in the basis or assumptions upon which the estimated audit fee was determined, including any material change in the scope of the audit work or other relevant circumstances arising in the course of the audit. Save for such material changes, the final audit fee is not expected to differ materially from the estimated audit fee disclosed above.

5. AGM

The form of proxy and the reply slip of the AGM are enclosed herewith.

Whether or not you intend to attend and vote at the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H Share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in respect of holders of H Shares), or to the Company's registered office in the PRC at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC (in respect of holders of Domestic Shares) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the AGM (i.e. before 3:00 p.m. on Thursday, 25 June 2026) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish and in such event the form of proxy shall be deemed to be revoked.

If you intend to attend the AGM in person or by proxy, you are required to complete the enclosed reply slip and return the same to Computershare Hong Kong Investor Services Limited (in respect of holders of H Shares) and the Company's registered office in the PRC (in respect of holders of Domestic Shares) on or before Friday, 5 June 2026.

6. CLOSURE OF REGISTER OF MEMBERS

The forthcoming Annual General Meeting is scheduled to be held on Friday, 26 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 27 May 2026 to Friday, 26 June 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 26 May 2026. The record date for determining the identity of Shareholders eligible for attending and voting at the AGM would be Friday, 26 June 2026.

7. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, voting by any Shareholders at a general meeting shall be by way of poll, except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the general meeting shall require each of the resolutions proposed at the AGM to be voted by way of poll according to the Articles of Association.

During voting by way of poll, each Shareholder who attends in person or by proxy (or if the Shareholder is a company, then its officially authorised representative) may have one vote for each Share recorded under his/her/its name as set out in the register of members of the Company. The Company will announce the poll results after the AGM in the manner as stipulated under Rule 13.39(5) of the Listing Rules.

8. RECOMMENDATION

The Directors consider that all resolutions set out in the Notice of AGM for consideration and approval by Shareholders are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the Notice of AGM.

Regarding the continuing connected transactions in respect of 2026 Huangyan Reservoir Water Supply Framework Agreement, your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders as to voting at the AGM in relation to the 2026 Huangyan Reservoir Water Supply Framework Agreement; and (ii) the letter from the Independent Financial Adviser, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2026 Huangyan Reservoir Water Supply Framework Agreement and the principal factors and reasons considered by it in arriving at its opinions.

The text of the letter from Beta Global Capital is set out on pages 18 to 27 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement are on normal commercial terms, fair and reasonable and the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM in relation to the consideration and approval of the 2026 Huangyan Reservoir Water Supply Framework Agreement.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. In the event of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over the Chinese text.

By order of the Board
Taizhou Water Group Co., Ltd.*
YANG Jun
Chairman

* *For identification purposes only*

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

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)

28 May 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT

We refer to the circular dated 28 May 2026 (the "**Circular**") issued by the Company to the Shareholders of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Beta Global Capital 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.

* *For identification purpose only*

Details of the advice from Beta Global Capital Limited, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out on pages 18 to 27 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 15 of the Circular and the information set out in Appendix to the Circular.

Having considered the advice of Beta Global Capital Limited, we are of the opinion that the terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder are fair and reasonable, and such transactions are on normal commercial terms, 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 recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM in the terms as set out in the notice of the AGM to approve the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen
Mr. Li Wai Chung
Mr. Wang Yongyue
Independent non-executive Directors

The following is the full text of a letter of advice from Beta Global Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.

貝塔環球資本
BETA GLOBAL CAPITAL

28 May 2026

To the Independent Board Committee and the Independent Shareholders of
Taizhou Water Group Co., Ltd.

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2026 HUANGYAN RESERVOIR WATER SUPPLY FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2026 Huangyan Reservoir Water Supply Framework Agreement, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular (the "**Circular**") dated 28 May 2026 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

Reference is made to the Huangyan Reservoir Water Supply Framework Agreement, the details of which are set out in the announcement of the Company dated 31 March 2023 and in the announcement of the Company dated 2 April 2026 (the "**Announcements**"). Since the annual caps of the continuing connected transactions of the Company as contemplated under the 2023 Huangyan Reservoir Water Supply Framework Agreement were expired on 31 December 2025, on 31 March 2026, Huangyan Reservoir Development and the Company entered into the 2026 Huangyan Reservoir Water Supply Framework Agreement for raw water supply services with a term of three financial years commencing from 1 January 2026 and ending on 31 December 2028 with the proposed annual caps of approximately RMB80.0 million, RMB80.0 million and RMB80.0 million ("**Proposed Annual Caps**"), respectively.

As at the Latest Practicable Date, 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 the applicable percentage ratios under the Listing Rules in respect of the Proposed Annual Caps for the transaction contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement, on an annual basis, are more than 5%, such continuing connected transactions and Proposed Annual Caps are subject to requirements including reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

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

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.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Huang Chun, Ms. Hou Meiwen, Mr. Li Wai Chung, Ms. Lin Suyan and Mr. Wang Yongyue, has been established to advise the Independent Shareholders as to whether the 2026 Huangyan Reservoir Water Supply Framework Agreement and the Proposed Annual Caps are in the ordinary course of business of the Company, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to give a recommendation to the Independent Shareholders in respect of the voting on the resolution to be proposed at the AGM to approve the 2026 Huangyan Reservoir Water Supply Framework Agreement, the transactions contemplated thereunder, including the Proposed Annual Caps. As an Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we, Beta Global Capital Limited, were not aware of any relationships or interests between us and (i) the Group; (ii) Huangyan Reservoir Development and (iii) any other parties during the past two years under the Listing Rules that could be reasonably regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps.

In the past two years immediately preceding the Latest Practicable Date, we have acted as the Independent Financial Adviser to the then independent board committee and the then independent shareholders of the Company for the continuing connected transactions (the "**Previous Engagement**"), details of which are set out in the circular of the Company dated 10 October 2024 (the "**Previous Circular**"). Under the Previous Engagement, we were required to express our opinion on and give recommendations to the independent board committee and independent shareholders of the Company in relation to the continuing connected transactions. Apart from the Independent Financial Adviser roles in connection with the Previous Engagement and the transactions disclosed in the Circular, we have not acted in any capacity for the Group in the past two years immediately preceding the Latest Practicable Date. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transaction.

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the accuracy of the information and representations contained in the prospectus, the annual report of the Group for the year ended 31 December 2024 (the "**2024 Annual Report**"), the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management (the "**Management**") of the Company were true, accurate and complete at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the Management regarding the continuing connected transactions including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Management respectively in the Circular were reasonably made after due enquiry and careful consideration. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information 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 Management. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted an independent in-depth investigation into the business and affairs of the Group, Huangyan Reservoir Development or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1. Background information of the parties to the Continuing Connected Transactions

1.1 Information on 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.

1.2 Information on 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 Latest Practicable Date, 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.

2. Background of and Reasons for the 2026 Huangyan Reservoir Water Supply Framework Agreement

As disclosed in the prospectus and the 2024 Annual Report and based on representation of the Management, all of the water of the Group is drawn from Changtan Reservoir (長潭水庫), the largest reservoir in Taizhou in terms of storage capacity. The raw water will then be transmitted through the Taizhou Water Supply System (Phase I and II) to municipal water service providers or be processed by the Taizhou Water Treatment Plant, and ultimately to end-users. On 31 March 2023, the Company entered into the 2023 Huangyan Reservoir Water Supply Framework Agreement to source raw water from the Changtan Reservoir with Huangyan Reservoir Development for a term until 31 December 2025. In light of the expiration of the Huangyan Reservoir Water Supply Framework Agreement on 31 December 2025, the Company entered the 2026 Huangyan Reservoir Water Supply Framework Agreement with Huangyan Reservoir Development on 31 March 2026, which adopts substantially the same terms and conditions as the 2023 Huangyan Reservoir Water Supply Framework Agreement, with the Proposed Annual Caps for the three years ending 31 December 2028. The details of the principal terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement are set out under the section headed "Continuing Connected Transaction in Respect of 2026 Huangyan Reservoir Water Supply Framework Agreement" in the Letter from the Board.

The Proposed Annual Caps has taken into consideration of (i) approximately 100% utilisation rate of the current Water Intake Limit for FY2026 to FY2028; and (ii) room for any price adjustment to be determined by the Taizhou DRC or any unexpected demand of raw water. The Company considers that the Proposed Annual Caps will allow the Group to maintain a stable supply of raw water from the Changtan Reservoir, to cater for the changes in the market demands, which depends on various factors including but not limited to the seasonal and climatic factors of Taizhou, and ensure the Company's income and business growth.

Having considered the above and the respective background information of the Group and Huangyan Reservoir Development, we concur with the Directors' view that the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement, including the Proposed Annual Caps, are entered into in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement

Subject matter

Pursuant to the 2026 Huangyan Reservoir Water Supply Framework Agreement, Huangyan Reservoir Development agreed to provide raw water supply service to the Group for a term commencing on 1 January 2026 and ending on 31 December 2028.

Pricing basis

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 every month on the basis of the volume of water supplied by the Group.

Comparison of terms with Independent Third Parties

We have discussed with the representatives of the Group, the pricing basis and payment terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement as set out above and the relevant terms under the existing water supply agreement regarding the Changtan Reservoir with Huangyan Reservoir Development. We have also obtained and reviewed one sample of raw water supply agreement signed with an independent third party (the "**Sample Contract**"), who previously possessed the administration rights of Changtan Reservoir. Based on our

discussion with the Group's representatives, the Sample Contract already represented all raw water supply agreements of the Group with independent third parties, and thus we consider the Sample Contract that we have selected and reviewed to be fair and representative. Having compared the pricing basis for the raw water charged by Huangyan Reservoir Development, with the pricing basis in the Sample Contract and based on the aforementioned discussion with the representatives of the Group, we noted that the same pricing basis is consistently adopted where the unit prices charged are based on the water price determined and approved by Taizhou DRC. Furthermore, in assessing whether the payment term in the water supply agreements with Huangyan Reservoir Development is fair and reasonable, we have reviewed the Sample Contract and noted that the payment term is consistent with those stipulated in the 2026 Huangyan Reservoir Water Supply Framework Agreement.

In addition, we have reviewed the sole water supply contract entered into between the Group and Huangyan Reservoir Development contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement, and noted that the pricing basis for the raw water charged and the payment terms thereunder are consistent with those stipulated in the 2026 Huangyan Reservoir Water Supply Framework Agreement. Based on the above, we consider that the pricing basis and the payment term in relation to the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are set at a fair and reasonable basis.

4. The Proposed Annual Caps

Set out below are the historical transaction amounts and the Proposed Annual Caps:

	Year ended/ending 31 December					
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Historical transaction amount of raw water supply services from the Changtan Reservoir	43,057	84,401	70,892	N/A	N/A	N/A
Existing annual cap	50,000	88,000	88,000			
Utilisation rate	86.1%	95.9%	80.6%			
Proposed Annual Caps	N/A	N/A	N/A	80,000	80,000	80,000

We have obtained and reviewed the calculation of the Proposed Annual Caps from the Company and discussed with the representatives of the Group regarding the basis for determining the Proposed Annual Caps. We understand that the Proposed Annual Caps

are determined with reference to the Group's projection of purchase and the water supply capacity of Huangyan Reservoir Development from FY2026 to FY2028, the basis of which has taken into consideration of (i) the historical transaction amounts of raw water supply services from the Changtan Reservoir for the years ended 31 December 2023, 2024 and 2025 provided by the Group; and (ii) the water intake limit from Changtan Reservoir stated in the water intake permit (取水許可證).

(i) Historical transaction amounts

Based on our discussion with the representatives of the Group and the financial information in respect of the years ended 31 December 2023 and 2024 provided to us, the purchase amounts of raw water supply services in relation to the Changtan Reservoir from Huangyan Reservoir Development for the years ended 31 December 2023, 2024 and 2025 were approximately RMB43.1 million, RMB84.4 million and RMB70.9 million, respectively, which accounted for approximately 86.1%, 95.9% and 80.6% of the existing annual cap for the years ended 31 December 2023, 2024 and 2025. As a result, the Directors determined to set the Proposed Annual Caps for the years ending 31 December 2026 to 2028 at approximately RMB80.0 million as compared to the existing annual cap for the year ended 31 December 2025 of approximately RMB88.0 million.

(ii) Water intake limit from Changtan Reservoir stated in the water intake permit

According to the approved annual water intake volume stated in the water intake permit, an exclusive right granted by the People's Government, the Group has to draw water from the Changtan Reservoir within the maximum water volume, which currently is 269.1 million cubic meter per year (the "**Water Intake Limit**") and is fixed with reference to factors including the current water supply capacity and the water demand in Taizhou. Based on the information provided by the Group, the quantity of raw water purchased from the Changtan Reservoir for the years ended 31 December 2023, 2024 and 2025 accounted for approximately 103.6%, 104.7% and 99.7% utilisation rate of the Water Intake Limit at the relevant time. As discussed with the representatives of the Group, the Proposed Annual Caps has taken into consideration of (i) approximately 100% utilisation rate of the current Water Intake Limit for FY2026 to FY2028; and (ii) room for any price adjustment to be determined by the Taizhou DRC or any unexpected demand of raw water.

The Directors are of the view that the coronavirus outbreak may likely have an impact on cleaning habits of the general public, rendering the general public more accustomed to the higher frequency of cleaning, which will in turn maintain the consumption of water. The Proposed Annual Caps will ensure a stable supply of raw water to the Group in respond to the market demands.

In conclusion, the Directors are of the view that as a public utilities service provider, it is of paramount importance for the Company to discharge its social responsibility to the general public by providing a steady and reliable supply of raw water in light of the increase in demand. Having considered the above analysis, we concur with the Directors and consider the Proposed Annual Caps are fair and reasonable.

However, the Proposed Annual Caps under the 2026 Huangyan Reservoir Water Supply Framework Agreement are determined based on information currently available to the Company and the analysis as set out above, and the utilisation of the Proposed Annual Caps refer to future events associated with factors and uncertainties which may beyond the control of the Management. Hence, we express no opinion as to the accuracy and the actual utilisation of the Proposed Annual Caps under the 2026 Huangyan Reservoir Water Supply Framework Agreement.

INTERNAL CONTROL AND ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Letter from the Board, the Company has adopted the following internal control procedures to ensure the transactions under the 2026 Huangyan Reservoir Water Supply Framework Agreement are in the interests of the Group and the Shareholders as a whole and in the compliance with the Listing Rules:

(i) The finance department of the Company shall regularly monitor the cap of connected transaction, 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 cap by the end of each month, to ensure the applicable annual cap are not exceeded. When the projected transaction amount approaches or reaches the applicable annual cap, the Company shall revise the annual cap in accordance with the internal control procedures governing the connected transactions;

(ii) 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;

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

(iv) 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; and

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

In addition, we also noted that the Company has the following internal control measures in place to ensure that the continuing connected transactions are conducted on normal commercial terms:

(i) the connected party(ies) with material interests in the connected transactions shall abstain from voting in respect of the resolution at the shareholders' meeting;

(ii) the Group shall comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the continuing connected transactions; and

(iii) the Group will duly disclose the continuing connected transactions in the Company's annual reports and accounts during each of the financial period, together with the conclusions drawn by the independent non-executive Directors.

As part of our independent work performed, we have discussed with the Management to understand the aforementioned internal control procedures and have obtained and reviewed the relevant internal control policy. We have also reviewed sample documents in relation to the abovementioned internal control measures, including randomly selected four samples of the monthly management reports regarding the accumulated amounts of continuing connected transactions during the twelve months period ended 31 December 2025. Given that the purpose of sampling is to ascertain whether the internal control policy has been consistently implemented, we considered that (i) the sample size is sufficient and reasonable; and (ii) the above internal control measures are properly adopted.

We noted from the above the Group has adopted a set of internal control procedures governing the Group's transactions with Huangyan Reservoir Development and considered that the procedures in place provide reasonable assurance that the conduct of the continuing connected transactions would be governed by the management level and in compliance with the terms and conditions as stated in the 2026 Huangyan Reservoir Water Supply Framework Agreement. Further, we noted from the 2024 Annual Report that the auditor of the Company has reported on the Group's continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and the independent non-executive Directors have also reviewed and confirmed that each of the continuing connected transactions of the Group during the year ended 31 December 2024 has been (i) entered into in the ordinary and usual course of business of the Group; (ii) conducted on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) entered into in accordance with the relevant agreements governing thereon terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In light of the above, we are of the view that appropriate measures have been in place and are considered to be effective to (i) govern the conduct of the continuing connected transactions under the 2026 Huangyan Reservoir Water Supply Framework Agreement; and (ii) safeguard the interests of the Independent Shareholders and the Company as a whole, and ensure compliance with the Listing Rules.

RECOMMENDATION

Having taken into account the factors and reasons as stated above, we consider that the terms of 2026 Huangyan Reservoir Water Supply Framework Agreement, including the Proposed Annual Caps, are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the AGM for approving the continuing connected transactions.

Yours faithfully,
For and on behalf of
Beta Global Capital Limited

Michael Chum	**Jacky Chu**
Chairman	*Associate Director*

Note: Mr. Michael Chum is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Beta Global Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry. Mr. Jacky Chu is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Beta Global Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

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. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be 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 taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), were as follows:

Name of Director	Nature of interest	Class of Shares	Number of Shares held[1]	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
Mr. Yang Feng	Interest of controlled corporation[2]	Domestic Shares	10,058,338 (L)	6.71%	5.03%
Ms. Ying Nan	Interest of controlled corporation[3]	Domestic Shares	10,058,338 (L)	6.71%	5.03%

Notes:

(1) As at the Latest Practicable Date, the Company had issued 200,000,000 Shares in total, including 150,000,000 Domestic Shares and 50,000,000 H Shares. The letter "L" denotes the person's long position in the Shares.

(2) Qufeng Holdings Limited, which is owned as to 51% by Mr. Yang Feng, directly held 10,058,338 Domestic Shares. By virtue of the SFO, Mr. Yang Feng was deemed to have an interest in the Shares held by Qufeng Holdings Limited.

(3) Shanghai Lipin Sanmin Culture Communication Co., Ltd. which is held as to 99.7% by Ms. Ying Nan, directly held 10,058,338 Domestic Shares. By virtue of the SFO, Ms. Ying Nan was deemed to have an interest in Shares held by Shanghai Lipin Sanmin Culture Communication Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any 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 was required to be 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 taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable date, the following persons (not being a Director, Supervisor and chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held[1]	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
Taizhou State-owned Capital Operation Group Co., Ltd.*[2]	Interest in controlled corporation	Domestic Shares	43,250,855	28.83%	21.63%
Taizhou Urban Construction*[2]	Beneficial owner	Domestic Shares	43,250,855	28.83%	21.63%
The Finance Bureau of Huangyan District of Taizhou*[3]	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd.*[3]	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Huangyan Technology Innovation Investment Co., Ltd.*[3]	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Zhejiang Yongning Financial Consulting Co., Ltd.*[3]	Beneficial owner	Domestic Shares	26,679,541	17.79%	13.34%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held[1]	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
Taizhou Finance Bureau of Jiaojiang District*[4]	Interest in controlled corporation	Domestic Shares	22,222,893	14.82%	11.11%
Taizhou Jiaojiang Infrastructure Investment Company[4]	Beneficial owner	Domestic Shares	22,222,893	14.82%	11.11%
Zhejiang International Business Group Co., Ltd.[5]	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Zhejiang Zheshang Asset Management Co., Ltd.*[5]	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Taizhou State-owned Assets Investment Group Co., Ltd.[5]	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Zhejiang Taixin Asset Management Co., Ltd.*[5]	Beneficial owner	Domestic Shares	20,116,677	13.41%	10.06%
Taizhou Luqiao Public Assets Investment Management Group Co., Ltd.*	Beneficial owner	Domestic Shares	17,613,358	11.74%	8.81%
Qufeng Holdings Limited*[6]	Beneficial owner	Domestic Shares	10,058,338	6.71%	5.03%
Mr. Yang Feng[6]	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Ms. Ying Nan[7]	Interest of controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Yushen Enterprise Management Consulting Co., Ltd.[7]	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Lipin Sanmin Culture Communication Co., Ltd.*[7]	Beneficial owner	Domestic Shares	10,058,338	6.71%	5.03%
Mr. Lin Maoyuan[7]	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Industrial Investment (Holdings) Company Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Industrial Investment Treasury Company Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Investment Holdings Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Industrial Holdings Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
S.I. Infrastructure Holdings Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
S.I. Triumph Power Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held[1]	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
SIIC Environment Holdings Ltd.[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
SIIC Environment Tech (Hong Kong) Limited[8]	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Yangtze River Delta Water Environment Investment Fund Limited[8]	Beneficial owner	H Shares	12,500,000	25.00%	6.25%
Mr. Chung Chi Man[9]	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Billion Shine International Investment Limited[9]	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Innovax Holdings Limited[9]	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Ms. Lee Yin Har[10]	Interest of spouse	H Shares	11,999,000	23.99%	6.00%
Orient Fund Management Co., Ltd.*	Trustee	H Shares	4,860,000	9.72%	2.43%
PING AN TRUST CO. LTD.	Trustee	H Shares	3,616,000	7.23%	1.81%

* *For identification purpose only*

Notes:

(1) As at the Latest Practicable Date, the Company had issued an aggregate of 200,000,000 Shares, including 150,000,000 Domestic Shares and 50,000,000 H Shares.

(2) Taizhou Urban Construction and Investment Development Group Co., Ltd. is ultimately wholly-owned by Taizhou State-owned Capital Operation Group Co., Ltd. By virtue of the SFO, Taizhou State-owned Capital Operation Group Co., Ltd. is deemed to have an interest in the Domestic Shares held by Taizhou Urban Construction and Investment Development Group Co., Ltd.

(3) Zhejiang Yongning Financial Consulting Co., Ltd. is a state-owned enterprise indirectly wholly-owned by the Finance Bureau of Huangyan District of Taizhou through its wholly-owned subsidiary, Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd. By virtue of the SFO, each of the Finance Bureau of Huangyan District of Taizhou and Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd. is deemed to have an interest in the Domestic Shares held by Zhejiang Yongning Financial Consulting Co., Ltd.

(4) Taizhou Jiaojiang Infrastructure Investment Company is a state-owned enterprise wholly-owned by the Taizhou Finance Bureau of Jiaojiang District. By virtue of the SFO, the Taizhou Finance Bureau of Jiaojiang District is deemed to have an interest in the Domestic Shares held by Taizhou Jiaojiang Infrastructure Investment Company.

(5) Zhejiang Taixin Asset Management Co., Ltd. is held as to (i) 40% by Taizhou State-owned Assets Investment Group Co., Ltd., a company wholly owned by Taizhou State Owned Capital Operation Group Co., Ltd.; and (ii) 60% by Zhejiang Zheshang Asset Management Co., Ltd.,

which is in turn owned as to approximately 58.64% by Zhejiang International Business Group Co., Ltd., respectively. By virtue of the SFO, each of Taizhou State-owned Assets Investment Group Co., Ltd., Zhejiang Zheshang Asset Management Co., Ltd., Taizhou State Owned Capital Operation Group Co., Ltd., and Zhejiang International Business Group Co., Ltd., is deemed to have an interest in the Domestic Shares held by Zhejiang Taixin Asset Management Co., Ltd.

(6) Qufeng Holdings Limited is owned as to 51% by Mr. Yang Feng. By virtue of the SFO, Mr. Yang Feng was deemed to have an interest in the Shares held by Qufeng Holdings Limited.

(7) Shanghai Lipin Sanmin Culture Communication Co., Ltd. is held as to 10% by Ms. Ying Nan and 90% by Shanghai Yushen Enterprise Management Consulting Co., Ltd., which is in turn wholly owned by Mr. Lin Maoyuan. By virtue of the SFO, each of Shanghai Yushen Enterprise Management Consulting Co., Ltd. and Mr. Lin Maoyuan is deemed to be interested in the Domestic Shares held by Shanghai Lipin Sanmin Culture Communication Co., Ltd.

(8) Shanghai Yangtze River Delta Water Environment Investment Fund Limited is held as to 40% by SIIC Environment Tech (Hong Kong) Limited, which is in turn wholly-owned by SIIC Environment Holdings Ltd. SIIC Environment Holdings Ltd is held as to 6.36% by S.I. Infrastructure Holdings Limited and as to 37.92% by S.I. Triumph Power Limited, which is in turn wholly-owned by S.I Infrastructure Holdings Limited. S.I. Infrastructure Holdings Limited is wholly-owned by Shanghai Industrial Holdings Limited, which is in turn owned as to 55.13% by Shanghai Investment Holdings Limited. Shanghai Investment Holdings Limited is wholly-owned by Shanghai Industrial Investment Treasury Company Limited, which is in turn wholly-owned by Shanghai Industrial Investment (Holdings) Company Limited. By virtue of the SFO, SIIC Environment Tech (Hong Kong) Limited, SIIC Environment Holdings Ltd, S.I. Triumph Power Limited, S.I. Infrastructure Holdings Limited, Shanghai Industrial Holdings Limited, Shanghai Investment Holdings Limited, Shanghai Industrial Investment Treasury Company Limited and Shanghai Industrial Investment (Holdings) Company Limited are deemed to have an interest in the H Shares held by Shanghai Yangtze River Delta Water Environment Investment Fund Limited.

(9) Innovax Holdings Limited is owned as to 75% by Billion Shine International Investment Limited, which is wholly-owned by Mr. Chung Chi Man.

(10) Ms. Lee Yin Har is the spouse of Mr. Chung Chi Man. By virtue of the SFO, Ms. Lee Yin Har is deemed to be interested in all the H Shares held by Mr. Chung Chi Man.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other persons (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Mr. Lin Genman, a non-executive Director of the Company, is a manager of the finance and treasury department and an employee director of Taizhou Urban Construction and Investment Development Group Co., Ltd.* (台州市城市建設投資發展集團有限公司) ("**Taizhou Urban Construction**");

(ii) Mr. Yang Feng, a non-executive Director of the Company, is an executive director and the general manager of Qufeng Holdings Limited;

(iii) Mr. Lin Yang, a non-executive Director of the Company, is the chairman of the board and party branch secretary (黨支部書記) of Zhejiang Taixin Asset Management Co., Ltd.* (浙江台信資產管理有限公司);

(iv) Mr. Shao Aiping, a non-executive Director of the Company, is a party committee member and a deputy general manager of Taizhou Urban Construction; and

(v) Ms. Ying Nan, a non-executive Director of the Company, is an executive director of Shanghai Lipin Sanmin Culture Communication Co., Ltd.* (上海力品三民文化傳播有限公司).

5. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors and the Supervisors had any direct or indirect interest in any assets which have been 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 since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors and the Supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACT

None of the Directors and the Supervisors has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

7. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and his/her close associates was interested in any business, which competes or is likely to compete, either directly or indirectly, with that of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or operation position of the Group since 31 December 2025, being the date to which the latest published audited consolidated accounts of the Group were made up.

9. LITIGATION

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.

Save as disclosed above, as at the Latest Practicable Date, the Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. EXPERT'S QUALIFICATIONS AND CONSENTS

The qualification of the expert who has provided its advice which is contained in this circular is set out as follows:

Expert	Qualification
Beta Global Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Beta Global Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or opinions and/or the references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, Beta Global Capital Limited (i) did not have any interest, either directly or indirectly, in any assets which had been, since 31 December 2025, being the date to which the latest published audited financial statements of the Company 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; and (ii) did not have any shareholding interests in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any members of the Group.

11. MATERIAL CONTRACTS

No material contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the Latest Practicable Date.

12. MATERIAL ACQUISITION

Since 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, no member of the Group had acquired, or agreed to acquire, or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published consolidated financial statements of the Group.

13. MISCELLANEOUS

(a) The registered office and the principal place of business in the PRC of the Company are at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC.

(b) The H Share registrar and transfer office in Hong Kong of the Company is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) The joint company secretaries of the Company are Ms. Zheng Ranhan and Ms. Siu Pui Wah, who is a certified public accountant and a member of the Hong Kong Institute of Certified Public Accountants.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.zjtzwater.com) and the Stock Exchange (www.hkexnews.hk) for display for a period of not less than 14 days before the date of the AGM and will be made available for inspection at the AGM:

(a) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;

(b) the letter from Beta Global Capital Limited to the Independent Shareholders, the text of which is set out on pages 18 to 27 of this circular;

(c) the 2026 Huangyan Reservoir Water Supply Framework Agreement; and

(d) the written consent of the Independent Financial Adviser referred to in the section headed "10. EXPERT'S QUALIFICATIONS AND CONSENTS" in this appendix.

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of Taizhou Water Group Co., Ltd.* (台州市水務集團股份有限公司) (the "**Company**") will be held at Conference Room, Taizhou Water Group Co., Ltd., No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC at 3:00 p.m. on Friday, 26 June 2026 to consider and, if thought fit, to pass, with or without modifications, the following resolutions of the Company. Unless otherwise stated, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 28 May 2026.

ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company (the "**Board**") for the year ended 31 December 2025;

2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2025;

3. To consider and approve the auditor's report, audited financial statements and annual report of the Company for the year ended 31 December 2025;

4. To consider and approve the final financial accounts for the year ended 31 December 2025 and the financial budget for the year ending 31 December 2026;

5. To consider and approve the Company's profit distribution plan for the year ended 31 December 2025 for not distributing final dividend;

* *For identification purposes only*

6. To consider and approve the Company's continuing connected transactions in respect of 2026 Huangyan Reservoir Water Supply Framework Agreement:

   (a) the agreement dated 31 March 2026 (the "**2026 Huangyan Reservoir Water Supply Framework Agreement**") (a copy of which is tabled at the meeting and marked "A" and initialed by the chairman of the meeting for identification purpose) entered into between the Company and Huangyan Reservoir Development Operation Co., Ltd.* (台州市黃岩水庫開發經營有限公司) ("**Huangyan Reservoir Development**") in relation to the provision of raw water by Huangyan Reservoir Development to the Company and its subsidiaries and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

   (b) the proposed annual caps for the three years ending 31 December 2028 in relation to the transactions contemplated under the 2026 Huangyan Reservoir Water Supply Framework Agreement be and are hereby approved, confirmed and ratified; and

   (c) any one or more director(s) of the Company be and is/are hereby authorised to do all such acts and things, to sign and execute all such documents as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the 2026 Huangyan Reservoir Water Supply Framework Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the 2026 Huangyan Reservoir Water Supply Framework Agreement as he/she/they may in his/her/their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole; and

7. To consider and approve the re-appoint Ernst & Young and Grant Thornton International Ltd. (致同會計師事務所) as the international auditor and domestic auditor of the Company for the year ending 31 December 2026, respectively, to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to determine their remunerations for the year ending 31 December 2026.

By order of the Board
Taizhou Water Group Co., Ltd.*
YANG Jun
Chairman

Taizhou, the PRC
28 May 2026

Notes:

1. For details of the resolutions to be approved in this AGM, please refer to the circular.

2. The register of members of the Company will be closed from Wednesday, 27 May 2026 to Friday, 26 June 2026 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 26 May 2026. The record date for determining the identity of Shareholders eligible for attending and voting at the AGM would be Friday, 26 June 2026.

* *For identification purposes only*

3. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalf. A proxy needs not be a Shareholder.

4. Shareholder shall entrust a proxy by a written form of proxy which shall be signed by such Shareholder or an agent entrusted by such Shareholder in writing under the hand of a Shareholder. If the Shareholder is a legal person, the power of attorney shall be affixed with its official seal or signed by its director or an agent or other personnel officially entrusted thereby. Such power of attorney shall specify the number of Shares held by the Shareholder represented by each proxy.

5. In order to be valid, the form of proxy must be deposited, for the holders of H Shares, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or, for the holders of Domestic Shares, to the Company's registered office in the PRC, not less than 24 hours prior to the commencement of the AGM (i.e. before 3:00 p.m. on Thursday, 25 June 2026). If the proxy form is signed by a person authorised by the Shareholder, the power of attorney or other authorisation documents shall be notarised. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should you so wish.

6. Shareholders shall show their identity papers when attending the AGM. A proxy, who is on behalf of a Shareholder, shall show his/her identity paper, proxy form and a copy of identity paper of the Shareholder.

7. Corporate Shareholder shall appoint its legal representative or authorised representative to attend the AGM. Such person shall show his/her identity paper and a copy of corporate's business certificate affixed with its official seal. If corporate Shareholders appoint authorised representative to attend the AGM, the authorised representative shall show his/her identity paper, the original document of power of attorney issued by the such legal person and a copy of corporate's business certificate affixed with its official seal (except for a clearing house or its proxy).

8. Shareholders who intend to attend the AGM should complete and return the reply slip in writing by hand or by post to the H Share registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the registered office of the Company in the PRC (for holders of Domestic Shares) before Friday, 5 June 2026.

9. The AGM is expected to take less than half a day, Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.

10. The name and address of the Company's H Share registrar in Hong Kong is as follows:

    Computershare Hong Kong Investor Services Limited
    Shops 1712-1716
    17th Floor, Hopewell Centre
    183 Queen's Road East
    Wan Chai
    Hong Kong

11. The registered office of the Company in the PRC is as follows:

    No. 308 Yin Quan Road
    Xicheng Street
    Huangyan District
    Taizhou, Zhejiang Province
    PRC

12. If more than one of joint Shareholders attend the meeting, whether in person or by proxy, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

As at the date of this notice, 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.