



台州市水務集團股份有限公司 Taizhou Water Group Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
Stock code : 1542

2026 *Interim Report*



* for identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Jun (*Chairman of the Board*)
Mr. Pan Gang

Non-executive Directors

Mr. Lin Genman
Ms. Fang Ya
Mr. Yu Yangbin
Mr. Yang Feng (appointed on 30 January 2026)
Mr. Lin Yang (resigned on 21 August 2026)
Mr. Shao Aiping (resigned on 21 August 2026)
Ms. Ying Nan
Mr. Ye Xiaofeng
Ms. Yang Jia (appointed on 11 September 2026)
Ms. Lin Meiya (appointed on 11 September 2026)

Independent Non-executive Directors

Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen (ceased to act on 11 September 2026)
Mr. Li Wai Chung
Mr. Wang Yongyue
Mr. Guan Yunde (appointed on 11 September 2026)

REMUNERATION COMMITTEE

Mr. Wang Yongyue (*Chairman*)
Mr. Yang Jun
Mr. Pan Gang
Mr. Huang Chun
Ms. Lin Suyan

NOMINATION COMMITTEE

Mr. Yang Jun (*Chairman*)
Mr. Yu Yangbin
Mr. Yang Feng (was appointed on 30 January 2026)
Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen (ceased to act on 11 September 2026)
Mr. Wang Yongyue
Mr. Guan Yunde (appointed on 11 September 2026)

AUDIT COMMITTEE

Mr. Li Wai Chung (*Chairman*)
Mr. Lin Genman
Ms. Hou Meiwen (ceased to act on 11 September 2026)
Mr. Guan Yunde (appointed on 11 September 2026)

STRATEGY COMMITTEE

Mr. Yang Jun (*Chairman*)
Mr. Pan Gang
Ms. Fang Ya
Mr. Lin Yang (resigned on 21 August 2026)
Mr. Shao Aiping (resigned on 21 August 2026)
Mr. Ye Xiaofeng
Mr. Huang Chun
Ms. Yang Jia (appointed on 11 September 2026)
Ms. Lin Meiya (appointed on 11 September 2026)

JOINT COMPANY SECRETARIES

Ms. Siu Pui Wah
Ms. Zheng Ranhan

AUTHORISED REPRESENTATIVES

Mr. Yang Jun
Ms. Siu Pui Wah

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

H SHARE REGISTRAR

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

LEGAL ADVISERS

As to Hong Kong law

Jingtian & Gongcheng LLP
Suites 3203-3207
32/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law

Tian Yuan Law Firm
Suite 509, Tower A
Corporate Square, 35 Financial Street
Xicheng District, Beijing 100033
PRC

PRINCIPAL BANKERS

Agricultural Bank of China, Taizhou Branch
China Bank of Construction, Taizhou Huangyan Branch
Industrial and Commercial Bank of China,
Taizhou Huangyan Branch
Bank of China, Taizhou Luqiao District Branch
Taizhou Bank

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

1542

COMPANY WEBSITE

www.zjtzwater.com

DEFINITIONS

“2025 Wenling Water Supply Framework Agreement”	the agreement entered into between the Company and Wenling Water Supply dated 27 September 2024 in relation to the provision of raw water supply services and municipal water supply services by the Group to Wenling Water Supply
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Binhai Water”	Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司), a limited liability company established in the PRC on 7 June 2016 and a wholly-owned subsidiary of our Company as at the date of this interim report
“Binhai Water Acquisition”	the Company's acquisition of a 49% equity interest in Binhai Water from Taizhou City Water in accordance with the terms and conditions of the Binhai Water Equity Transfer Agreement
“Board” or “Board of Directors”	the board of Directors of the Company
“China” or “PRC”	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context otherwise requires, references in this interim report to “China” and the “PRC” do not apply to Taiwan, the Macau Special Administrative Region and Hong Kong
“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)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to 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
“Equity Transfer Agreement”	the agreement to be entered into between the Company, the Plan Administrator and Binhai Water, pursuant to which the Company conditionally agreed to transfer the entire equity interests in Binhai Water to the Quasi-REITs for the purpose of the proposed issuance of the Quasi-REITs
“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” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the agreement dated 19 April 2023 entered into between the Company and Zhejiang Yongan in relation to the formation of the Joint Venture Company
“Joint Venture Company” or “Xianzhiquan”	Zhejiang Xianzhiquan Water Co., Ltd.* (浙江仙之泉水業有限公司), a limited liability company established on 24 May 2023 by the Company and Zhejiang Yongan under the laws of the PRC pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
“Plan Administrator”	Huafu Securities Asset Management Co., Ltd., the plan administrator of the Quasi-REITs
“Proposed Issuance of Quasi-REITs”	the proposed issuance of Quasi-REITs by the Company, which are proposed to be listed and traded on the SSE
“Quasi-REITs”	華福資管－台州水務資產支持專項計劃類(REITs) (Huafu Asset Management – Taizhou Water Supply AssetBacked Special Plan (Quasi-REITs))
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the 6-month period from 1 January 2026 to 30 June 2026
“RMB”	Renminbi, the lawful currency of the PRC
“SSE”	The Shenzhen Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board

Definitions

“Subscription”	the proposed subscription of subordinated tranche of the Quasi-REITs by the Company
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Taizhou City Water”	Taizhou City Water Co., Ltd.* (台州城市水務有限公司), a limited liability company established in the PRC on 30 September 2003 and a subsidiary of the Company owned as to 82% by the Company and 18% by Wenling Water Group Co., Ltd.* (溫嶺市水務集團有限公司), respectively, as at the date of this interim report
“Taizhou South Bay Water Supply”	Taizhou South Bay Water Supply Co., Ltd.* (台州市南部灣區水務有限公司), limited liability company established in the PRC on 13 March 2018 and a subsidiary of our Company owned as to 60% by our Company and 40% by Yuhuan Water Supply Group Co., Ltd.* (玉環市水務集團有限公司) as at the date of this interim report
“Underlying Assets”	the Taizhou Water Diversion Project Phase III, legally owned and operated by Binhai Water
“Wenling Water Supply”	Wenling Water Supply Co., Ltd.* (溫嶺市供水有限公司), a limited liability company established in the PRC on 20 November 2007, and is ultimately wholly-owned by the Finance Bureau of Wenling City (溫嶺市財政局) as at the date of this report
“Zhejiang Yongan”	Zhejiang Yongan Water Group Co., Ltd.* (浙江永安水務集團有限公司), a limited liability company incorporated under the laws of the PRC on 1 June 1977

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FINANCIAL HIGHLIGHTS

The Board is pleased to announce the following financial summary:

RESULTS

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Revenue	313,225	274,903
Loss before tax	(39,140)	(13,877)
Income tax expense	(11,325)	(10,145)
Loss for the period	(50,465)	(24,022)
Attributable to:		
Owners of the parent	(41,567)	(19,875)
Non-controlling interests	(8,898)	(4,147)
	(50,465)	(24,022)
Loss per share attributable to ordinary equity holders of the parent		
Basic and diluted (RMB)	(0.23)	(0.10)

ASSETS AND LIABILITIES

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Total assets	5,495,733	5,568,197
Total liabilities	4,264,496	4,286,111
Total equity	1,231,237	1,282,086
Equity attributable to owners of the parent	656,121	701,635
Perpetual securities	382,727	379,164
Non-controlling interests	192,389	201,287
Net assets	1,231,237	1,282,086

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

2026 marks the inaugural year of the “15th Five-Year Plan”. Driven by a confluence of factors, including refined regulatory frameworks, increased capital investment, smart transformation, and the green and low-carbon agenda, the water supply sector has entered a pivotal phase of profound transformation.

The Regulations on Water Supply officially took effect on 1 June, marking the first statutory inclusion of large-scale rural water supply within its scope and establishing a comprehensive regulatory framework spanning from source to tap. The national “15th Five-Year Plan” outlines a strategic roadmap to accelerate the development of a modern water infrastructure network, explicitly calling for “strengthening the national water grid to enhance flood defense, optimize water resource allocation, and improve urban-rural water security”. The construction of the national water network is gaining significant momentum, with investment in water infrastructure reaching RMB207 billion in the first quarter of 2026, representing a year-on-year increase of 4.1%. During the “15th Five-Year Plan” period, approximately 175,000 kilometers of water supply pipelines are slated for renovation nationwide, with aging pipeline upgrades proceeding in tandem with water tariff adjustments. Smart water initiatives are now deeply embedded across the industry value chain, with Internet of Things (IoT) and AI technologies widely deployed to optimize leak detection and water distribution efficiency. The transition toward green and low-carbon operations is accelerating. ESG principles are being institutionalized, driving water utilities to actively pursue carbon reduction and energy efficiency retrofits.

Looking ahead to the second half of the year, as policy dividends continue to unfold and smart, low-carbon technologies accelerate their penetration, the water supply sector is poised to advance toward greater security and resilience, digital interconnectivity, and urban-rural integration, thereby providing a robust underpinning for high-quality development.

DEVELOPMENT STRATEGIES AND OUTLOOK

2026 marks both the inaugural year of the “15th Five-Year Plan” and a pivotal year for the Group to achieve transformative breakthroughs and elevate its enterprise capabilities. The Group will consolidate the gains from its “Three-Year Initiative”, centering on the “256” strategic roadmap. We will anchor our efforts on the two core themes: the “Year of Breakthroughs in Transformation” and the “Year of Enhancing Conduct Standards”. We will prioritize five key initiatives: “integrating and enhancing Party building”; “upgrading water supply security”; “advancing our industrial structure”; “improving asset management efficiency”; and “strengthening our talent pipeline”. Concurrently, we will execute six specialized campaigns: “enhancing water supply capacity”; “upgrading smart water applications”; “expanding premium water access to households”; “extending post-meter service offerings”; “achieving breakthroughs in industrial M&A”; and “improving workforce conduct”. These measures are designed to propel the Group from “scale-driven growth” to “value-driven enhancement” and transition from a “traditional water utility” to a “modern water industry group”, thereby opening a new chapter of high-quality development.

BUSINESS REVIEW

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

The Group owns, operates and manages the Taizhou Water Supply System (Phase I), the Taizhou Water Supply System (Phase II), the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV), with a designed raw water supply capacity of approximately 1,220,000 tonnes per day, and a designed municipal water supply capacity of 984,000 tonnes per day in southern Taizhou.

1. Raw Water Supply Project

The designed water supply capacity of Taizhou Water Supply System (Phase I) is 250,000 tonnes per day, and the raw water is supplied to local municipal water service providers and Wenling Zeguo Water Supply Co., Ltd. (a wholly-owned subsidiary of the Company) ("**Zeguo Water Supply**"). The raw water supply capacity of the Taizhou Water Supply System (Phase II) is 490,000 tonnes per day, of which 380,000 tonnes per day is supplied to Taizhou Water Treatment Plant of the Group. The Taizhou Water Supply System (Phase III) has a raw water supply capacity of 480,000 tonnes per day, including a raw water supply capacity of 150,000 tonnes per day for the Taizhou Water Supply System (Phase IV). During the Reporting Period, the raw water sales volume was 59.4 million tonnes, representing a decrease of 2.2 million tonnes as compared with 61.6 million tonnes for the six months ended 30 June 2025.

2. Municipal Water Supply Project

Taizhou Water Treatment Plant of the Taizhou Water Supply System (Phase II) has a designed municipal water supply capacity of 600,000 tonnes per day (after the Taizhou Water Treatment Plant phase II expansion project has been put into operation, the municipal water supply capacity of the Taizhou Water Supply System (Phase II) increased from 366,000 tonnes per day to 600,000 tonnes per day) and is responsible for providing the municipal water which is sold to local municipal water service providers. The water treatment plant in the East Zone of the Taizhou Water Supply System (Phase III) has a designed municipal water supply capacity of 284,000 tonnes per day and the South Bay water treatment plant of the Taizhou Water Supply System (Phase IV) has a designed municipal water supply capacity of 100,000 tonnes per day. During the Reporting Period, municipal water sales volume was 94.7 million tonnes, representing an increase of 16.8 million tonnes as compared with 77.9 million tonnes for the six months ended 30 June 2025.

3. Tap Water Supply Project

The Group is responsible for supplying tap water to local end-users of Zeguo Town, Wenling City (including commercial users, government authorities, industrial users and residential households in Zeguo Town). During the Reporting Period, tap water sales volume was 5.7 million tonnes, as compared to 5.8 million tonnes for the six months ended 30 June 2025.

4. Installation Services

In connection with tap water supply services, the Group undertakes water pipeline installation works to connect new end-users to the Group's pipeline network and charges an installation fee for such services. During the Reporting Period, revenue from installation services amounted to approximately RMB3.3 million, representing a decrease of RMB6.5 million as compared to approximately RMB9.8 million for the six months ended 30 June 2025.

5. Expansion Projects

In order to expand the market and increase revenue, as well as to tap into potential and improve efficiency, the Group successively established Xianzhiquan in May 2023 and Bishui Water in September 2023, to expand into the packaged drinking water and pipeline potable water projects. This will promote the optimization of the Group's industrial layout and structural adjustment to achieve high-quality development. Currently, both projects are in the early stages of business expansion. Among them, Xianzhiquan has completed the production line acceptance and started production, with an expected annual output of 13,500 tons. The packaged drinking water produced by Xianzhiquan has successively appeared at major meetings and event sites such as the Asian Games torch relay in Taizhou, the municipal party congress, the city's two sessions, and concerts. It has also been custom-produced for some government agencies and enterprises and

institutions. Bishui Water has laid out pipeline potable water project in government agencies, enterprises and institutions, and residential areas. Currently, the pipeline construction or equipment room installation has been completed for 8 projects, among which 9 projects have been put into operation, and the other 7 are in the trial operation phase.

6. Construction Project

During the Reporting Period, construction projects in progress of the Group were the Taizhou Water Supply System (Phase III), the Taizhou Water Supply System (Phase IV), the Taizhou South Water Resources Optimization Project and the pipeline potable water projects. The construction of the Taizhou Water Supply System (Phase III) commenced in February 2018 and put into operation in October 2022, while the construction of the Taizhou Water Supply System (Phase IV) commenced in November 2018 and put into operation in August 2022. The construction of the Taizhou South Water Resources Optimization Project commenced in October 2023. The construction of the first pipeline potable water project of Bishui Water commenced in September 2023.

During the Reporting Period, the Group has been continuously promoting the acceptance, rectification and settlement for various sections of the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV). On the basis of completing tendering process for the Zhan Tang booster pump station of the Taizhou Water Supply System (Phase IV), the Group has commenced pre-construction preparations. The Taizhou South Water Resources Optimization Project is steadily advancing towards the final stages of project settlement. Bishui Water has laid out pipeline potable water project in government agencies, enterprises and institutions, and residential areas. Currently, the pipeline construction or equipment room installation has been completed for 16 projects, among which 9 projects have been put into operation, and the other 7 are in the trial operation phase.

FINANCIAL REVIEW

1. Analysis of Key Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Continuing Operations

1.1 Revenue

Revenue of the Group increased by RMB38.3 million or 13.9%, from approximately RMB274.9 million for the six months ended 30 June 2025 to approximately RMB313.2 million for the Reporting Period.

- (1) **Raw water supply**
Revenue of the Group generated from sales of raw water increased by RMB3.7 million or 6.0%, from approximately RMB61.3 million for the six months ended 30 June 2025 to approximately RMB65.0 million for the Reporting Period.
- (2) **Municipal water supply**
Revenue of the Group generated from sales of municipal water increased by RMB39.7 million or 22.2%, from approximately RMB178.8 million for the six months ended 30 June 2025 to approximately RMB218.5 million for the Reporting Period. The increase was primarily due to the increased demand for the volume of water of tap water companies in Wenling City and Yuhuan City for their insufficient self-owned water sources.

- (3) **Tap water supply**
Revenue of the Group generated from sales of tap water increased by RMB0.5 million or 2.1%, from approximately RMB24.0 million for the six months ended 30 June 2025 to approximately RMB24.5 million for the Reporting Period.

- (4) **Installation services**
Revenue of the Group generated from installation services decreased by RMB6.5 million or 66.3%, from approximately RMB9.8 million for the six months ended 30 June 2025 to approximately RMB3.3 million for the Reporting Period. The decrease was mainly due to the decreased one household, one water meter installation project.

1.2 Cost of sales

The Group's cost of sales increased by RMB18.0 million or 8.1%, from approximately RMB223.0 million for the six months ended 30 June 2025 to approximately RMB241.0 million for the Reporting Period. The increase was mainly due to the increase in the volume of water sold.

1.3 Gross profit and gross profit margin

As a result of the above, the Group's gross profit increased by RMB20.3 million or 39.1%, from approximately RMB51.9 million for the six months ended 30 June 2025 to approximately RMB72.2 million for the Reporting Period. Gross profit margin increased from 18.9% for the six months ended 30 June 2025 to 23.1% for the Reporting Period.

1.4 Other income and gains

Other income and gains decreased by RMB26.1 million or 91.9%, from approximately RMB28.4 million for the six months ended 30 June 2025 to approximately RMB2.3 million for the Reporting Period. The decrease was mainly due to the receipt of financial subsidies from Yuhuan government by Taizhou South Bay Water Supply during the corresponding period of last year, which is absent for the current period.

1.5 Administrative expenses

Administrative expenses increased by RMB2.8 million or 7.1%, from approximately RMB39.3 million for the six months ended 30 June 2025 to approximately RMB42.1 million for the Reporting Period, mainly because of the higher intermediary fees.

1.6 Finance costs

Finance costs decreased by RMB8.1 million or 13.0%, from approximately RMB62.2 million for the six months ended 30 June 2025 to approximately RMB54.1 million for the Reporting Period. The decrease was mainly due to the repayment of borrowings.

1.7 Income tax expense

Income tax expense increased by RMB1.2 million or 11.9%, from approximately RMB10.1 million for the six months ended 30 June 2025 to approximately RMB11.3 million for the Reporting Period. Such increase was primarily due to the increase in profit before tax of Taizhou City Water.

1.8 Loss after tax and loss margin after tax

During the Reporting Period, the Company recorded a loss after tax of approximately RMB50.5 million, as compared with a loss after tax of approximately RMB24.0 million for the six months ended 30 June 2025. Further, the Company's loss margin after tax for the six months ended 30 June 2026 was 16.1%, as compared with a loss margin after tax of 8.7% for the six months ended 30 June 2025. The increase in the loss of results was mainly due to the financial subsidy received by Taizhou South Bay Water Supply from the Yuhuan government during the corresponding period of last year, which is absent for the current period.

2. Analysis of Key Items of Consolidated Statement of Financial Position

2.1 Property, plant and equipment

As at 31 December 2025 and 30 June 2026, property, plant and equipment were approximately RMB4,109.8 million and RMB3,994.6 million, respectively, and mainly comprised construction in progress, water supply pipelines, buildings, machinery and equipment for water supply business. The decrease was primarily attributable to the depreciation of fixed assets.

2.2 Right-of-use assets

As at 31 December 2025 and 30 June 2026, right-of-use assets were approximately RMB405.9 million and RMB400.9 million, respectively. The decrease was primarily attributable to the depreciation of right-of-use assets.

2.3 Inventories

As at 31 December 2025 and 30 June 2026, inventories were approximately RMB5.2 million and RMB5.5 million, respectively. Inventories mainly comprised chemicals used in the water treatment process.

2.4 Trade receivables

As at 31 December 2025 and 30 June 2026, trade receivables were approximately RMB159.6 million and RMB167.6 million, respectively. Trade receivables were related to receivables from customers of the water supply business.

2.5 Prepayments, other receivables and other assets

As at 31 December 2025 and 30 June 2026, prepayments, other receivables and other assets were approximately RMB43.6 million and RMB44.3 million, respectively.

2.6 Trade payables

As at 31 December 2025 and 30 June 2026, trade payables were approximately RMB82.1 million and RMB78.2 million, respectively. Trade payables mainly comprised outstanding payments for raw water procurement.

2.7 Other payables and accruals

As at 31 December 2025 and 30 June 2026, other payables and accruals were approximately RMB618.5 million and RMB451.6 million, respectively. The decrease was mainly due to the decrease in other construction payables.

2.8 Deferred government grants

As at 31 December 2025 and 30 June 2026, deferred government grants were approximately RMB121.9 million and RMB117.0 million, respectively. Such decrease was mainly due to amortization.

2.9 Liquidity and financial resources

The Group manages its capital to ensure that its entities will be able to operate on a going concern basis and maximises the return to the Shareholders through optimisation of the debt and equity balance. During the Reporting Period, the overall strategy of the Group remained unchanged. The capital structure of the Group consisted of net debt (including borrowings net of cash and cash equivalents) and total equity (including paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). The Group was not subject to any externally imposed capital requirements. As at 30 June 2026, cash and bank balance of the Group was approximately RMB384.9 million (as at 31 December 2025: approximately RMB328.9 million). As at 30 June 2026, total borrowings and corporate debt instruments of the Group were approximately RMB3,609.8 million (as at 31 December 2025: approximately RMB3,456.3 million) and included bank and other loans, with 83.1% of bank and other loans at floating rates. As at 30 June 2026, gearing ratio of the Group (total debts divided by total equity as at the end of the period) was 293.2% (as at 31 December 2025: 269.6%). The increase in gearing ratio was mainly due to the increase in bank and other borrowings of approximately RMB107.6 million for the construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV).

SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2026, the Group did not hold any significant investment in equity interest in any other company (for the six months ended 30 June 2025: nil).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

PLEDGE OF THE GROUP'S ASSETS

As at the end of the Reporting Period, the bank borrowings of the Group amounted to approximately RMB3,408.9 million (as at 31 December 2025: approximately RMB3,303.1 million), which were secured by the Group's trade receivables, the right of charge on the future revenue generated by Taizhou Water Supply System (Phase I, Phase II, Phase III and Phase IV). Save as disclosed above, as at the end of the Reporting Period, the Group did not pledge any other assets.

FOREIGN EXCHANGE RISK

During the Reporting Period, the Group carried out business in the PRC and received revenue and paid its costs/expenses in RMB. The Group denominated and declared dividends in RMB. Dividend on Domestic Share will be paid in RMB and dividend on H Share will be paid in Hong Kong dollar. The Group recognised net foreign exchange loss of approximately RMB25,524 during the Reporting Period. The Group does not currently hedge its exposure to foreign currencies.

CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group did not have any material contingent liability (as at 31 December 2025: nil).

SUBSEQUENT EVENTS AFTER REPORTING PERIOD

Proposed Issuance of Quasi-REITs

The Company proposed to launch the Quasi-REITs on SSE in June 2026 or a later date to be determined for the purpose of investing in and securitizing the Underlying Assets and raising funds for the operation and development of the business of the Group, with a proposed registered issuance size not exceeding RMB3.20 billion. On 10 June 2026, the Board resolved to convene the extraordinary general meeting ("**EGM**"), to obtain the Shareholders' approval for the proposed Subscription and the Proposed Issuance of Quasi-REITs.

In order to adjust the holding structure of Binhai Water in preparation for the Subscription and Proposed Issuance of Quasi-REITs, on 10 June 2026, the Board resolved to approve the Binhai Water Acquisition, pursuant to which Taizhou City Water has conditionally agreed to sell, and the Company has conditionally agreed to purchase, 49% equity interest in Binhai Water at a consideration of approximately RMB147.49 million. The effective interest acquired by the Company under the Binhai Water Acquisition is 8.82% and the corresponding effective consideration is approximately RMB26.5482 million. Given that Taizhou City Water is a non-wholly-owned subsidiary of the Company and the cash consideration received by Taizhou City Water will not be distributed to the non-controlling shareholder of Taizhou City Water, the Binhai Water Acquisition will not have any impact on the consolidated cash flows of the Group.

As at the date of this interim report, the Binhai Water Acquisition has been completed. The Company will make a Subscription with a subscription amount not exceeding RMB1.28 billion in aggregate, representing no more than 40% of the total issuance size of the Quasi-REITs. Upon issuance of the Quasi-REITs, the Company, as a subordinated Quasi-REITs holder, will hold no more than 40% of the Quasi-REITs. The rest of the portion (i.e., no less than 60%) will be held by the priority Quasi-REITs holders through their subscription of priority tranche of the Quasi-REITs upon issuance of the Quasi-REITs.

In order to issue the Quasi-REITs, the Company will also appoint the Plan Administrator. The Company (as the vendor and the original interest owner), the Plan Administrator (as the plan administrator and acting on behalf of the Quasi-REITs as the purchaser), and Binhai Water propose to enter into the Equity Transfer Agreement, pursuant to which the Company will conditionally agree to transfer the entire equity interests in Binhai Water to the Quasi-REITs to be managed by the Plan Administrator at a cash consideration of approximately RMB301 million.

The Proposed Issuance of Quasi-REITs will also be subject to the approval of the SSE.

These resolutions were approved by the Shareholders at the EGM held on 21 July 2026 as ordinary resolutions. For more details, please refer to the announcement of the Company dated 11 June 2026 and circular of the Company dated 30 June 2026.

Revision of the Annual Caps of the 2025 Wenling Water Supply Framework Agreement

On 21 August 2026, the Board resolved to enter into a supplemental agreement (the “**Supplemental 2025 Wenling Water Supply Framework Agreement**”) to the 2025 Wenling Water Supply Framework Agreement entered into between the Company and Wenling Water Supply, to revise the annual caps for the transactions in relation to raw water supply services for the two years ending 31 December 2027, as the actual transaction amount for each of the

two years ending 31 December 2026 and 31 December 2027 was expected to exceed the existing annual caps of RMB24,000,000 and RMB25,000,000, respectively. Pursuant to the Supplemental 2025 Wenling Water Supply Framework Agreement, the annual caps for the years ending 31 December 2026 and 31 December 2027 were revised upward to RMB39,000,000 for each of the two years. Save for the revision of the annual caps, all other terms and provisions of the 2025 Wenling Water Supply Framework Agreement, including the pricing guideline and payment terms, remain unchanged. As Wenling Water Supply is a connected person at the subsidiary level of the Company, the Supplemental 2025 Wenling Water Supply Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Supplemental 2025 Wenling Water Supply Framework Agreement (together with the revised annual caps) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Supplemental 2025 Wenling Water Supply Framework Agreement is only subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial adviser’s advice and independent Shareholders’ approval requirements under Rule 14A.101 of the Listing Rules. For more above, please refer to the announcement of the Company dated 21 August 2026.

Change of Directors

On 21 August 2026, Mr. Lin Yang and Mr. Shao Aiping resigned as non-executive Directors and members of the Strategy Committee of the Board with immediate effect, due to job reassignment and retirement, respectively. Ms. Hou Meiwen tendered her resignation as an independent non-executive Director and a member of the Audit Committee and the Nomination Committee, with effect from the conclusion of the extraordinary general meeting convened by the Company on 11 September 2026, in order to comply with the Listing Rules requirements regarding long-serving independent non-executive directors. The Board proposed to appoint Ms. Yang Jia and Ms. Lin Meiya as non-executive Directors and Mr. Guan Yunde as an independent non-executive Director of the sixth session of the Board, subject to Shareholders' approval at the extraordinary general meeting, following the despatch of a circular dated 24 August 2026 containing details of the proposed appointments. At the extraordinary general meeting held on 11 September 2026, the resolutions approving the appointment of Ms. Yang Jia and Ms. Lin Meiya as non-executive Directors and the appointment of Mr. Guan Yunde as an independent non-executive Director were duly passed by way of poll, each with 100% of the votes cast in favour. Upon the appointments taking effect, Ms. Yang Jia and Ms. Lin Meiya replaced Mr. Lin Yang and Mr. Shao Aiping as members of the Strategy Committee, and Mr. Guan Yunde replaced Ms. Hou Meiwen as a member of each of the Audit Committee and the Nomination Committee. For further details, please refer to the announcement of the Company dated 21 August 2026, the circular dated 24 August 2026, and the poll results announcement dated 11 September 2026.

Save as disclosed above, as at the date of this interim report, the Group has no other significant events occurred after the Reporting Period that require additional disclosures or adjustments.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had 262 employees (as at 30 June 2025: 256). During the Reporting Period, the employee benefit expenses amounted to approximately RMB48.8 million (for the six months ended 30 June 2025: RMB41.9 million). The employees of the Group are generally remunerated by way of fixed salary, and are also entitled to a performance based bonus, paid leave and various subsidies. During the Reporting Period, the Group did not experience any significant labour disputes causing any material impact on its normal business operations.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code since the Listing Date and complied with the applicable code provisions throughout the six months ended 30 June 2026 up to the date of this interim report.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors and Supervisors. Specific enquiries have been made to all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2026 up to the date of this interim report.

CHANGE IN DIRECTORS', SUPERVISORS' AND THE SENIOR MANAGEMENT'S INFORMATION

Save as disclosed in this interim report, there are no changes in information of the Directors, Supervisors and senior management of the Company since the date of the Company's last published annual report pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at 30 June 2026, 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 had been 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 were as follows:

Interests in Shares

Name of Director	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
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%

Other Information

Notes:

- (1) As at 30 June 2026, 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 30 June 2026, 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.

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

As at 30 June 2026, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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:

Interests in Shares

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
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 and Investment Development Group Co., Ltd.* ⁽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%

* For identification purpose only

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
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%
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 in 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%

Other Information

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%)	Approximate percentage of shareholding in the total Shares issued (%)
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%
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	11,700,000	23.40%	5.85%
Billion Shine International Investment Limited ⁽⁹⁾	Interest in controlled corporation	H Shares	11,700,000	23.40%	5.85%
Innovax Holdings Limited ⁽⁹⁾	Interest in controlled corporation	H Shares	11,700,000	23.40%	5.85%
Ms. Lee Yin Har ⁽¹⁰⁾	Interest of spouse	H Shares	11,700,000	23.40%	5.85%
Caitong Fund Management Co., Ltd.	Trustee	H Shares	8,590,000	17.18%	4.30%
Orient Fund Management Co., Ltd.*	Trustee	H Shares	4,860,000	9.72%	2.43%
PING AN TRUST CO., LTD.	Trustee	H Shares	3,622,000	7.24%	1.81%

* For identification purpose only

Notes:

- (1) As at 30 June 2026, the Company had issued 200,000,000 Shares in total, 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., and through the wholly-owned subsidiary of Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd., Taizhou Huangyan Technology Innovation Investment Co., Ltd.. By virtue of the SFO, each of the Finance Bureau of Huangyan District of Taizhou, Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd. and Taizhou Huangyan Technology Innovation Investment Co., Ltd. is deemed to have an interest in the Domestic Shares held by Zhejiang Yongning Financial Consulting Co., Ltd..

- (4) Taizhou Jiaojang Infrastructure Investment Company is a state-owned enterprise wholly-owned by the Taizhou Finance Bureau of Jiaojang District. By virtue of the SFO, the Taizhou Finance Bureau of Jiaojang District is deemed to have an interest in the Domestic Shares held by Taizhou Jiaojang 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. 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 99.7% by Ms. Ying Nan and 0.3% by Shanghai Yushen Enterprise Management Consulting Co., Ltd., the latter is in turn wholly owned by Mr. Lin Maoyuan. By virtue of the SFO, Ms. Ying Nan is deemed to be interested in a total of 10,058,338 domestic shares of the Company 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 held 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 30 June 2026, 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.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury Shares (as defined under the Listing Rules), if any). As at 30 June 2026, the Company did not hold any treasury Shares.

AUDIT COMMITTEE

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and reviewed and discussed the unaudited interim condensed consolidated financial statements, interim results announcement of the Group for the six months ended 30 June 2026 and this interim report, and recommended their respective adoption by the Board.

On behalf of the Board

Mr. Yang Jun

Chairman of the Board

PRC, 21 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	5	313,225	274,903
Cost of sales		(241,002)	(223,005)
Gross profit		72,223	51,898
Other income and gains	5	2,263	28,399
Selling expenses		(108)	–
Administrative expenses		(42,113)	(39,260)
Other expenses		(245)	(705)
Finance costs	7	(54,059)	(62,232)
Share of profits and losses of associates		(17,101)	8,023
LOSS BEFORE TAX	6	(39,140)	(13,877)
Income tax expense	8	(11,325)	(10,145)
LOSS FOR THE PERIOD		(50,465)	(24,022)
Attributable to:			
Owners of the parent		(41,567)	(19,875)
Non-controlling interests		(8,898)	(4,147)
		(50,465)	(24,022)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (RMB)		(0.23)	(0.10)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates		(384)	(2,184)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(384)	(2,184)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(50,849)	(26,206)
Attributable to:			
Owners of the parent		(41,951)	(22,059)
Non-controlling interests		(8,898)	(4,147)
		(50,849)	(26,206)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,994,637	4,109,791
Prepayments for property, plant and equipment		1,600	1,608
Other intangible assets		4,021	4,500
Investment in associates		464,151	481,636
Deferred tax assets		27,002	26,412
Right-of-use assets		400,906	405,922
Total non-current assets		4,892,317	5,029,869
CURRENT ASSETS			
Inventories		5,549	5,233
Trade receivables	12	167,618	159,576
Prepayments, other receivables and other assets		44,292	43,591
Pledged bank deposits	13	1,067	1,066
Cash and cash equivalents	13	384,890	328,862
Total current assets		603,416	538,328
CURRENT LIABILITIES			
Trade payables	14	78,236	82,077
Other payables and accruals		451,598	618,500
Interest-bearing bank and other borrowings	16	64,149	62,789
Corporate debt instruments		200,917	153,207
Deferred government grants		9,736	9,736
Tax payable		6,046	5,550
Total current liabilities		810,682	931,859
NET CURRENT LIABILITIES		(207,266)	(393,531)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,685,051	4,636,338

Interim Condensed Consolidated Statement of Financial Position

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		4,685,051	4,636,338
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	3,344,727	3,240,282
Deferred government grants		107,239	112,122
Other liabilities		1,848	1,848
Total non-current liabilities		3,453,814	3,354,252
Net assets		1,231,237	1,282,086
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	200,000	200,000
Reserves		456,121	501,635
		656,121	701,635
Perpetual securities		382,727	379,164
Non-controlling interests		192,389	201,287
Total equity		1,231,237	1,282,086

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent							
	Share capital RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Perpetual securities RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2025 (audited)	200,000	144,249	68,604	288,782	701,635	379,164	201,287	1,282,086
Loss for the period	-	-	-	(41,567)	(41,567)	-	(8,898)	(50,465)
Other comprehensive loss for the period:								
Share of other comprehensive loss of associates	-	(384)	-	-	(384)	-	-	(384)
Total comprehensive loss for the period	-	(384)	-	(41,567)	(41,951)	-	(8,898)	(50,849)
Accrued interest attributable to perpetual securities, net of tax	-	-	-	(3,563)	(3,563)	3,563	-	-
At 30 June 2026 (unaudited)	200,000	143,865	68,604	243,652	656,121	382,727	192,389	1,231,237

* These reserve accounts comprise the consolidated reserves of RMB456,121,000 in the consolidated statement of financial position as at 30 June 2026.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the parent					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 31 December 2024 (audited)	200,000	140,609	68,604	361,451	770,664	207,734	978,398
Loss for the period	–	–	–	(19,875)	(19,875)	(4,147)	(24,022)
Other comprehensive loss for the period:							
Share of other comprehensive loss of associates	–	(2,184)	–	–	(2,184)	–	(2,184)
Total comprehensive loss for the period	–	(2,184)	–	(19,875)	(22,059)	(4,147)	(26,206)
Transfer to statutory surplus reserve	–	–	682	(682)	–	–	–
At 30 June 2025 (unaudited)	200,000	138,425	69,286	340,894	748,605	203,587	952,192

* These reserve accounts comprise the consolidated reserves of RMB548,605,000 in the consolidated statement of financial position as at 30 June 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(39,140)	(13,877)
Adjustments for:			
Loss on disposal of items of property, plant and equipment	6	59	629
Finance costs	7	54,059	62,232
Depreciation of property, plant and equipment	6	100,636	94,925
Share of losses/(profits) of associates		17,101	(8,023)
Depreciation of right-of-use assets	6	5,016	5,094
Amortisation of government grants		(4,883)	(4,920)
Amortisation of other intangible assets	6	643	357
Reversal of impairment of trade receivables, net	6	(730)	(875)
Impairment of other receivables, net	6	70	2
Reversal of impairment of contract assets, net	6	(297)	(143)
Foreign exchange differences, net	6	26	10
		132,560	135,411
(Increase)/decrease in inventories		(316)	340
Increase in trade receivables		(7,312)	(6,175)
Decrease/(increase) in prepayments, other receivables and other assets		628	(7,994)
Decrease in trade payables		(3,841)	(4,351)
Decrease in other payables and accruals		(12,469)	(9,347)
Cash generated from operations		109,250	107,884
Income tax paid		(12,521)	(8,433)
Net cash flows from operating activities		96,729	99,451

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Net cash flows from operating activities	96,729	99,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(139,622)	(177,126)
Prepayments for right-of-use assets	–	(52,930)
Proceeds from disposal of items of property, plant and equipment	2	15
Increase in pledged bank deposits	(1)	(3)
Purchases of other intangible assets	(164)	(469)
Net cash flows used in investing activities	(139,785)	(230,513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	111,700	183,480
Repayment of bank and other borrowings	(5,895)	(12,218)
Proceeds from issue of corporate debt instruments	199,970	149,985
Repayment of corporate debt instruments	(150,000)	(150,000)
Interest paid	(56,665)	(70,080)
Net cash flows from financing activities	99,110	101,167
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	56,054	(29,895)
Cash and cash equivalents at beginning of period	328,862	321,265
Effect of foreign exchange rate changes, net	(26)	(10)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	384,890	291,360
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and interim condensed consolidated statement of cash flows	384,890	291,360

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2026

1. Corporate and group information

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

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

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of registration and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Taizhou City Water Co., Ltd. ("Taizhou City Water") (台州市城市水務有限公司)*	PRC/Chinese mainland 30 September 2003	RMB220,000,000	82	–	Centralised water production and supply
Wenling Zeguo Water Supply Co., Ltd. ("Wenling Zeguo Water Supply") (溫嶺市澤國自來水有限公司)*	PRC/Chinese mainland 9 November 2006	RMB30,000,000	100	–	Centralised water supply and provision of pipeline installation service
Taizhou Environmental Development Co., Ltd. ("Taizhou Environmental Development") (台州市環境發展有限公司)*	PRC/Chinese mainland 5 September 2018	RMB10,000,000	100	–	Examination of water quality
Taizhou South Bay Water Supply Co., Ltd. ("Taizhou South Bay Water Supply") (台州市南部灣區水務有限公司)*	PRC/Chinese mainland 13 March 2018	RMB340,000,000	60	–	Centralised water production and supply
Taizhou Binhai Water Co., Ltd. ("Binhai Water") (台州市濱海水務有限公司)*	PRC/Chinese mainland 7 June 2016	RMB200,000,000	51	49	Centralised water production and supply
Zhejiang Xianzhiquan Water Co., Ltd. ("Xianzhiquan Water") (浙江仙之泉水業有限公司)*	PRC/Chinese mainland 24 May 2023	RMB50,000,000	51	–	Bottled drinking spring water production
Taizhou Bishui Water Technology Co., Ltd. ("Bishui Water") (台州碧水科工有限公司)*	PRC/Chinese mainland 13 September 2023	RMB13,333,333	60	–	Pipeline direct drinking water production and supply

* These entities are limited liability enterprises established under PRC law. The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

Going concern assumption

As at 30 June 2026, the Group recorded net current liabilities of approximately RMB207,266,000.

In view of the net current liabilities position, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 30 June 2026, the Group had available unutilised bank facilities with a total amount of RMB1,665,057,000 to meet the debt obligations and capital expenditure requirements in the next twelve months. Taking into account these additional financial resources available to the Group and the internally generated funds from operations, the directors believe that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due. Therefore, the consolidated financial statements have been prepared on a going concern basis.

3. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The nature and impact of the amended HKFRS Accounting Standards are described below:

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

3. Changes in accounting policies and disclosures (Continued)

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

4. Operating segment information

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

Geographic information

(a) Revenue from external customers

The Group operated within one geographical area as all of the Group’s revenue was generated from customers located in Chinese mainland.

(b) Non-current assets

All non-current assets of the Group are located in Chinese mainland.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group’s revenue for the six months ended 30 June 2026 and 2025 are set out below:

	For the six months ended 30 June	
	2026 RMB’000 (Unaudited)	2025 RMB’000 (Unaudited)
Wenling Water Supply	82,548	64,288
Taizhou Water Supply	75,371	68,717
Yuhuan Water Supply	52,631	37,612
Luqiao Water Supply	49,547	47,517

5. Revenue, other income and gains

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from contracts with customers	313,225	274,903

Revenue from contracts with customers

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Types of goods or services		
Sale of water	309,890	265,125
Installation services	3,335	9,778
Total	313,225	274,903
Timing of revenue recognition		
Goods transferred at a point in time	309,890	265,125
Services transferred over time	3,335	9,778
Total	313,225	274,903

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Other income		
Value added tax refund	1,368	5,224
Bank interest income	609	933
Government grants	100	21,465
Others	186	769
Subtotal	2,263	28,391
Gains		
Gain on disposal of items of property, plant and equipment	—	8
Total	2,263	28,399

6. Loss before tax

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

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of inventories sold	238,066	215,482
Cost of services provided	2,936	7,523
Depreciation of property, plant and equipment	100,636	94,925
Depreciation of right-of-use assets	5,016	5,094
Amortisation of other intangible assets	643	357
Reversal of impairment of trade receivables, net	(730)	(875)
Impairment of other receivables, net	70	2
Reversal of impairment of contract assets, net	(297)	(143)
Government grants	(100)	(21,465)
Foreign exchange differences, net	26	10
Loss on disposal of items of property, plant and equipment	59	629

7. Finance costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest on bank borrowings	47,407	59,125
Interest on other borrowings	5,775	5,744
Interest on corporate debt instrument	917	1,559
Less: interest capitalised	(40)	(4,196)
Total	54,059	62,232

8. Income tax

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

During the period, except for Taizhou Environmental Development, Xianzhiquan Water and Bishui Water, the provision for current income tax in the Chinese mainland was based on the statutory rate of 25% (2025: 25%) of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Taizhou Environmental Development, Xianzhiquan Water and Bishui Water are qualified as small and micro enterprises and were entitled to a preferential income tax rate of 5% (2025: 5%).

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

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current tax – Chinese mainland		
Charge for the period	11,915	10,178
Deferred tax	(590)	(33)
Total	11,325	10,145

9. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 and does not recommend any interim dividend for the six months ended 30 June 2026.

10. Loss per share attributable to ordinary equity holders of the parent

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, adjusted to reflect accrued interest attributable to perpetual securities, net of tax, and the weighted average number of ordinary shares outstanding during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025.

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	(41,567)	(19,875)
Accrued interest attributed to perpetual securities, net of tax	(3,563)	–
Loss for the purpose of basic loss per share	(45,130)	(19,875)

	Number of shares For the six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	200,000,000	200,000,000

11. Property, plant and equipment

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Carrying amount at beginning of period/year	4,109,791	4,298,525
Additions and cost adjustments	(14,457)	3,030
Disposals	(61)	(860)
Depreciation provided during period/year	(100,636)	(190,904)
Carrying amount at end of period/year	3,994,637	4,109,791

12. Trade receivables

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	17,911	20,627
Due from related parties (note 18(c))	201,728	191,700
Subtotal	219,639	212,327
Impairment	(52,021)	(52,751)
Total	167,618	159,576

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

As at 30 June 2026, certain of the Group's trade receivables with a carrying amount of RMB152,411,000 (31 December 2025: RMB191,609,000) were pledged to secure the Group's bank loans (note 16).

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	122,745	136,592
3 to 6 months	28,748	20,069
6 to 12 months	14,854	1,331
1 to 2 years	1,001	1,344
2 to 3 years	270	240
Total	167,618	159,576

13. Cash and cash equivalents and pledged bank deposits

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Cash and bank balances	384,890	328,862
Pledged bank deposits	1,067	1,066
	385,957	329,928
Less: Pledged deposits for land reclamation fee	(1,067)	(1,066)
Cash and cash equivalents	384,890	328,862
Denominated in:		
RMB	384,252	328,196
Hong Kong dollars ("HK\$")	638	666
Cash and cash equivalents	384,890	328,862

The RMB is not freely convertible into other currencies. However, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Chinese mainland is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged bank deposits mainly represent deposits pledged to banks to secure land reclamation fee. The pledged bank deposits carry interest at floated rates which range from 0.050% to 0.350% (2025: 0.050% to 0.950%) per annum. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

14. Trade payables

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables	78,236	82,077

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	28,385	35,330
3 to 6 months	11,201	13,728
6 to 12 months	8,087	4,803
Over 12 months	30,563	28,216
Total	78,236	82,077

15. Share capital

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Issued and fully paid:		
Domestic shares of 150,000,000 (2025: 150,000,000) of RMB1.00 each	150,000	150,000
H shares of 50,000,000 (2025: 50,000,000) of RMB1.00 each	50,000	50,000
Total	200,000	200,000

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

16. Interest-bearing bank and other borrowings

	As at 30 June 2026 (unaudited)			As at 31 December 2025 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Current portion of long-term bank loans – secured	2.95-3.85	2026-2027	13,149	2.95-3.85	2026	11,789
Current portion of long-term other borrowings – secured	2.80	2026	51,000	2.80	2026	51,000
Subtotal – current			64,149			62,789
Non-current						
Bank loans – secured	2.95-4.41	2035-2049	2,987,727	2.95-3.85	2035-2049	2,883,282
Other borrowings – secured	2.80	2027-2041	357,000	2.80	2027-2041	357,000
Subtotal – non-current			3,344,727			3,240,282
Total			3,408,876			3,303,071

16. Interest-bearing bank and other borrowings (Continued)

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	13,149	11,789
In the second year	14,450	12,689
In the third to fifth years, inclusive	90,962	83,035
Beyond five years	2,882,315	2,787,558
Subtotal	3,000,876	2,895,071
Other borrowings repayable:		
Within one year	51,000	51,000
In the third to fifth years, inclusive	102,000	102,000
Beyond five years	255,000	255,000
Subtotal	408,000	408,000
Total	3,408,876	3,303,071

Notes:

- (a) The Group's bank and other borrowings are secured by:
- (i) the pledge of the Group's trade receivables with a carrying amount of RMB152,411,000 (31 December 2025: RMB191,609,000) (note 12); and
 - (ii) the pledge of right of charge of the Company, Taizhou City Water, Binhai Water and Taizhou South Bay Water Supply on the future revenue generated by Taizhou water supply system (Phase I, Phase II, Phase III and Phase IV).
- (b) A subsidiary of the Company, Taizhou City Water, has guaranteed certain of the Group's bank loans up to RMB1,202,484,000 (31 December 2025: RMB1,158,854,000).
- (c) A shareholder of the Company, Taizhou Urban Construction and Investment Development Group Co., Ltd. ("Taizhou Urban Construction") has guaranteed certain of the Group's other borrowings of up to RMB408,000,000 (31 December 2025: RMB408,000,000).
- (d) The Company has guaranteed certain of the Group's bank loans of up to RMB2,649,452,000 (31 December 2025: RMB2,588,627,000).

17. Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contracted, but not provided for: Pipelines and buildings	107,059	142,898

18. Related party transactions

The Group's related parties are as follows:

Name	Relationship with the Company
Taizhou Bishui Qingquan Engineering Co., Ltd. ("Taizhou Bishui Qingquan") (Formerly known as "Zhejiang Taizhou Landscape")	An entity controlled by the shareholders of the Company
Zhejiang Taishui Science and Trade Co., Ltd. ("Zhejiang Taishui") (Formerly known as "Taizhou Modern Construction")	An entity controlled by the shareholders of the Company
Taizhou Huangyan Water Conservancy Development Group Co., Ltd. ("Huangyan Water Conservancy")	An entity controlled by the shareholders of the Company
Wenling Water Supply Co., Ltd. ("Wenling Water Supply")	A shareholder of Taizhou City Water
Yuhuan Water Supply Co., Ltd. ("Yuhuan Water Supply")	An entity controlled by the non-controlling shareholders of a subsidiary
Luqiao Water Supply	An associate of the Company
Huangyan Water Supply	An associate of the Company
Taizhou Water Supply	An associate of the Company
Taizhou Zhuxi Reservoir Development Co., Ltd. ("Taizhou Zhuxi Reservoir")	An associate of the Company
Taizhou Urban Construction	A Company's substantial shareholder
Huangyan Reservoir Development ("Huangyan Reservoir")	An entity controlled by the shareholders of the Company

18. Related party transactions (Continued)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Notes			
Associates			
Sales of water to:			
Taizhou Water Supply	(i)	75,371	68,717
Huangyan Water Supply	(i),(ii)	25,212	24,093
Luqiao Water Supply	(i)	49,547	47,517
Total		150,130	140,327
Purchases of water from:			
Taizhou Zhuxi Reservoir	(i)	6,256	1,376
Other related parties			
Sales of water to:			
Wenling Water Supply	(i),(ii)	82,548	64,288
Yuhuan Water Supply	(i),(ii)	52,631	37,612
Total		135,179	101,900
Purchases of water from:			
Huangyan Reservoir	(i),(ii)	39,776	37,726
Total		39,776	37,726
Construction services and other services from:			
Zhejiang Taishui	(i)	2,774	2,233
Taizhou Bishui Qingquan	(i)	521	140
Total		3,295	2,373

- (i) The sales or purchases of water and provision of services to/from the associates and other related parties were made according to the published prices and conditions offered by the Group and the related parties to their major customers.
- (ii) The related party transactions in respect of sale of water to an associate and other related parties as set out above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Other transactions with related parties:

A shareholder of the Company, Taizhou Urban Construction, has guaranteed certain borrowings made to the Group of up to RMB408,000,000 (2025: RMB408,000,000) as at the end of the period, as disclosed in note 16(c) to the financial statements.

30 June 2026

18. Related party transactions (Continued)

(c) Outstanding balances with related parties:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Due from related parties:		
Trade in nature		
Taizhou Water Supply	77,429	54,102
Wenling Water Supply	53,287	72,486
Luqiao Water Supply	23,500	21,872
Yuhuan Water Supply	9,990	12,311
Huangyan Water Supply	37,522	30,929
Balance included in trade receivables (note 12)	201,728	191,700
Due to related parties:		
Trade in nature		
Huangyan Reservoir	25,120	28,186
Taizhou Zhuxi Reservoir	6,256	14,456
Zhejiang Taishui	2,162	2,742
Taizhou Bishui Qingquan	8	21
Total	33,546	45,405
Non-trade in nature		
Huangyan Water Conservancy	88,576	88,576
Total	122,122	133,981

The balances with related parties are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,682	1,637
Pension scheme contributions	121	120
Total compensation paid to key management personnel	1,803	1,757

19. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair value	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Financial liabilities				
Non-current portion of interest-bearing bank and other borrowings	3,344,727	3,240,282	3,372,063	3,311,086

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings based on prevailing market interest rates approximate to their carrying amounts. The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2026 and 31 December 2025 were assessed to be insignificant.

The Group did not have any financial assets and liabilities measured at fair value as at 30 June 2026 and 31 December 2025.

19. Fair value and fair value hierarchy of financial instruments (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

As at 30 June 2026

	Fair value measurement categorised into			Total RMB'000 (Unaudited)
	Quoted prices in active markets Level 1 RMB'000 (Unaudited)	Significant observable inputs Level 2 RMB'000 (Unaudited)	Significant unobservable inputs Level 3 RMB'000 (Unaudited)	
Non-current portion of interest-bearing bank and other borrowings	–	3,372,063	–	3,372,063

As at 31 December 2025

	Fair value measurement categorised into			Total RMB'000 (Audited)
	Quoted prices in active markets Level 1 RMB'000 (Audited)	Significant observable inputs Level 2 RMB'000 (Audited)	Significant unobservable inputs Level 3 RMB'000 (Audited)	
Non-current portion of interest-bearing bank and other borrowings	–	3,311,086	–	3,311,086