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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) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF  
THE 2025 YUHUAN WATER SUPPLY FRAMEWORK AGREEMENT;  
(2) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF  
THE 2025 WENLING WATER SUPPLY FRAMEWORK AGREEMENT;  
AND  
(3) PROPOSED CONTINUING CONNECTED TRANSACTIONS  
IN RESPECT OF THE 2025 HUANGYAN URBAN AND  
RURAL WATER SUPPLY FRAMEWORK AGREEMENT**

**2025 YUHUAN WATER SUPPLY FRAMEWORK AGREEMENT**

As the term of each of the 2021 Yuhuan Water Supply Framework Agreement and the 2022 Yuhuan Water Supply Framework Agreement and their respective annual caps for the continuing connected transactions thereunder will expire on 31 December 2024, on 27 September 2024, the Company and Yuhuan Water Supply entered into the 2025 Yuhuan Water Supply Framework Agreement to govern the terms and conditions of the transactions between the Group and Yuhuan Water Supply in respect of the provision of municipal water supply services by the Group to Yuhuan Water Supply for a term from 1 January 2025 to 31 December 2027.

**2025 WENLING WATER SUPPLY FRAMEWORK AGREEMENT**

As the term of each of the 2021 Wenling Water Supply Framework Agreement, the 2022 Wenling Water Supply (Bin Hai) Framework Agreement and the 2022 Wenling Water Supply (South Bay) Framework Agreement and their respective annual caps for the continuing connected transactions thereunder will expire on 31 December 2024, on 27 September 2024, the Company and Wenling Water Supply entered into the 2025 Wenling Water Supply Framework Agreement to govern the terms and conditions of the transactions between the Group and Wenling Water Supply in respect of the provision of raw water supply services and municipal water supply services by the Group to Wenling Water Supply for a term from 1 January 2025 to 31 December 2027.

## **2025 HUANGYAN URBAN AND RURAL WATER SUPPLY FRAMEWORK AGREEMENT**

As the term of the 2021 Huangyan Water Supply Framework Agreement and the annual caps for the continuing connected transactions thereunder will expire on 31 December 2024, on 27 September 2024, the Company and Huangyan Urban and Rural Water Supply entered into the 2025 Huangyan Urban and Rural Water Supply Framework Agreement to govern the terms and conditions of the transactions between the Group and Huangyan Urban and Rural Water Supply in respect of the provision of raw water by the Group to the Huangyan Urban and Rural Water Supply for a term from 1 January 2025 to 31 December 2027.

### **LISTING RULES IMPLICATIONS**

#### **(1) 2025 Yuhuan Water Supply Framework Agreement and 2025 Wenling Water Supply Framework Agreement**

As at the date of this announcement, (i) Wenling Water Supply is a wholly-owned subsidiary of Wenling Water Group Co., Ltd.\* (溫嶺市水務集團有限公司), which in turn holds 18% equity interest in Taizhou City Water, an 82%-owned subsidiary of the Company; and (ii) Yuhuan Water Supply is a wholly-owned subsidiary of Yuhuan Water Supply Group Co., Ltd.\* (玉環市水務集團有限公司), which in turn holds 40% equity interest in Taizhou South Bay Water Supply, a 60%-owned subsidiary of the Company. Accordingly, each of Wenling Water Supply and Yuhuan Water Supply is a connected person at the subsidiary level of the Company.

As (i) the Board has approved the transactions contemplated under (a) the 2025 Wenling Water Supply Framework Agreement; and (b) 2025 Yuhuan Water Supply Framework Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under each of (a) the 2025 Wenling Water Supply Framework Agreement; and (b) 2025 Yuhuan Water Supply Framework Agreement are fair and reasonable, on normal commercial terms in the ordinary and normal course of business of the Group and in the interests of the Company and the Shareholders as a whole, each of (a) the 2025 Wenling Water Supply Framework Agreement; and (b) 2025 Yuhuan 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 advices and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

#### **(2) 2025 Huangyan Urban and Rural Water Supply Framework Agreement**

As at the date of this announcement, Huangyan Urban and Rural Water Supply is indirectly owned as to 49% by Huangyan SCIOG, a substantial Shareholder of the Company (as defined under the Listing Rules), and is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the 2025 Huangyan Urban and Rural Water Supply Framework Agreement, on an annual basis, exceeds 5%, the 2025 Huangyan Urban and Rural Water Supply Framework Agreement is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

A circular containing, among other things, (i) details of the 2025 Huangyan Urban and Rural Water Supply Framework Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders with respect to the 2025 Huangyan Urban and Rural Water Supply Framework Agreement; (iii) the advice and recommendation from the Independent Financial Adviser with respect to the 2025 Huangyan Urban and Rural Water Supply Framework Agreement; and (iv) a notice convening the EGM together with the proxy form and the reply slip, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

### **1. 2025 YUHUAN WATER SUPPLY FRAMEWORK AGREEMENT**

As the term of each of the 2021 Yuhuan Water Supply Framework Agreement and the 2022 Yuhuan Water Supply Framework Agreement and their respective annual caps for the continuing connected transactions thereunder will expire on 31 December 2024, on 27 September 2024, the Company and Yuhuan Water Supply entered into the 2025 Yuhuan Water Supply Framework Agreement to govern the terms and conditions of the transactions between the Group and Yuhuan Water Supply in respect of the provision of municipal water supply services by the Group to Yuhuan Water Supply for a term from 1 January 2025 to 31 December 2027.

#### **Principal Terms**

The principal terms of the 2025 Yuhuan Water Supply Framework Agreement are set out as follows:

<b>Date</b>	27 September 2024
<b>Parties</b>	1. The Company; 2. Yuhuan Water Supply
<b>Term</b>	A renewable term commencing from 1 January 2025 to 31 December 2027 (both days inclusive)
<b>Subject matter</b>	The parties agreed that the Group shall provide municipal water supply services to Yuhuan Water Supply

**Pricing guideline** The prices of the sales of municipal water supply services provided by the Group to Yuhuan Water Supply 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 from time to time

As at the date of this announcement, pursuant to the Notification on Temporary Water Prices for the Taizhou Water Diversion Project and the South Bay Water Diversion Project (Tai Fa Gai Price [2022] No. 263) (《關於台州市引水工程、南部灣區引水工程臨時水價的通知》(台發改價格〔2022〕263號)) issued by the Taizhou DRC, the approved and/or adjusted unit selling price of municipal water for both Taizhou City Water and Taizhou South Bay Water Supply is set at RMB2.47/m<sup>3</sup> (excluding tax: RMB2.3981/m<sup>3</sup>).

**Payment term** Payment for the transactions contemplated under the 2025 Yuhuan Water Supply Framework Agreement shall be made every month on the basis of the volume of municipal water supplied by the Group

#### **Annual cap and basis for determining the annual cap**

The historical transaction amount between Taizhou City Water and Yuhuan Water Supply in relation to the provision of municipal water supply services under the 2021 Yuhuan Water Supply Framework Agreement is as follows:

	<b>Year ended 31 December</b>		<b>Six months ended</b>
	<b>2022</b>	<b>2023</b>	<b>30 June</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amount	45,515	30,526	15,798

The historical transaction amount between Taizhou South Bay Water Supply and Yuhuan Water Supply in relation to the provision of municipal water supply services under the 2022 Yuhuan Water Supply Framework Agreement is as follows:

	<b>From</b>	<b>Year ended</b>	<b>Six months ended</b>
	<b>1 December</b>	<b>31 December</b>	<b>30 June</b>
	<b>2022 to</b>	<b>2023</b>	<b>2024</b>
	<b>31 December</b>	<b>31 December</b>	<b>30 June</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amount	9,503	46,419	23,701

The annual caps for the transactions contemplated under the 2021 Yuhuan Water Supply Framework Agreement are set out below:

	<b>Year ended 31 December</b>		<b>Year ending</b>
	<b>2022</b>	<b>2023</b>	<b>31 December</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<b>2024</b>
			<i>(RMB'000)</i>
Historical annual caps	<u>61,310</u>	<u>61,310</u>	<u>61,470</u>

The annual caps for the transactions contemplated under the 2022 Yuhuan Water Supply Framework Agreement are set out below:

	<b>From</b>		
	<b>1 December</b>	<b>Year ended</b>	<b>Year ending</b>
	<b>2022 to</b>	<b>31 December</b>	<b>31 December</b>
	<b>31 December</b>	<b>2023</b>	<b>2024</b>
	<b>2022</b>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical annual caps	<u>21,000</u>	<u>87,600</u>	<u>87,600</u>

The annual caps for the transactions contemplated under the 2025 Yuhuan Water Supply Framework Agreement are set out below:

	<b>Year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Expected annual caps	<u>84,000</u>	<u>86,000</u>	<u>87,000</u>

The above expected annual caps were determined with reference to the (i) historical transaction figures as listed above; (ii) the expected demand of municipal water supply services from Yuhuan Water Supply; (iii) the increase in municipal water supply capacity of the Group after completion of construction of Taizhou Water Supply System (Phase IV); and (iv) the water prices as approved by Taizhou DRC.

## 2. 2025 WENLING WATER SUPPLY FRAMEWORK AGREEMENT

As the term of each of the 2021 Wenling Water Supply Framework Agreement, the 2022 Wenling Water Supply (Binhai) Framework Agreement and the 2022 Wenling Water Supply (South Bay) Framework Agreement and their respective annual caps for the continuing connected transactions thereunder will expire on 31 December 2024, on 27 September 2024, the Company and Wenling Water Supply entered into the 2025 Wenling Water Supply Framework Agreement to govern the terms and conditions of the transactions between the Group and Wenling Water Supply in respect of the provision of raw water supply services and municipal water supply services by the Group to Wenling Water Supply for a term from 1 January 2025 to 31 December 2027.

### Principal Terms

The principal terms of the 2025 Wenling Water Supply Framework Agreement are set out as follows:

<b>Date</b>	27 September 2024
<b>Parties</b>	<ol style="list-style-type: none"><li>1. The Company;</li><li>2. Wenling Water Supply</li></ol>
<b>Term</b>	A renewable term commencing from 1 January 2025 to 31 December 2027 (both days inclusive)
<b>Subject matter</b>	The parties agreed that the Group shall provide raw water supply services and municipal water supply services to Wenling Water Supply
<b>Pricing guideline</b>	The prices of the sales of raw water supply services and municipal water supply services provided by the Group to Wenling Water Supply 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 from time to time

As at the date of this announcement, (a) pursuant to the Notification on Temporary Water Prices for the Taizhou Water Diversion Project and the South Bay Water Diversion Project (Tai Fa Gai Price [2022] No. 263) (《關於台州市引水工程、南部灣區引水工程臨時水價的通知》(台發改價格〔2022〕263號)) issued by the Taizhou DRC, the approved and/or adjusted unit selling price of raw water for Taizhou South Bay Water Supply is set at RMB2.09/m<sup>3</sup> (excluding tax: RMB1.9174/m<sup>3</sup>); (b) pursuant to the Notification on the Reform of Unified Pricing for Municipal Water Supply in Taizhou City (Tai Fa Gai Price [2024] No. 130) (《台州市發展和改革委員會關於市區供水同城同價改革的通知》(台發改價格〔2024〕130號)) issued by the Taizhou DRC, the approved and/or adjusted unit selling price of municipal water for Binhai Water is set at RMB2.25/m<sup>3</sup> (excluding tax: RMB2.1845/m<sup>3</sup>); and (c) pursuant to the Notification on Adjusting the Raw Water Price of Changtan Reservoir (Tai Fa Gai Price [2017] No. 228) (《關於調整長潭水庫原水價格的通知》(台發改價格〔2017〕228號)) issued by the Taizhou DRC, the approved and/or adjusted unit selling price of municipal water for Taizhou City Water is set at RMB2.62/m<sup>3</sup> (excluding tax: RMB2.5437/m<sup>3</sup>).

**Payment term** Payment for the transactions contemplated under the 2025 Wenling Water Supply Framework Agreement shall be made every month on the basis of the volume of raw and municipal water supplied by the Group

**Annual cap and basis for determining the annual cap**

*Municipal water supply services*

The historical transaction amount between Taizhou City Water and Wenling Water Supply in relation to the provision of municipal water supply services under the 2021 Wenling Water Supply Framework Agreement is as follows:

	<b>Year ended 31 December</b>		<b>Six months ended</b>
	<b>2022</b>	<b>2023</b>	<b>30 June</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amount	<u>77,008</u>	<u>92,777</u>	<u>44,989</u>



The historical transaction amount between Binhai Water and Wenling Water Supply in relation to the provision of municipal water supply services under the 2022 Wenling Water Supply (Binhai) Framework Agreement is as follows:

	<b>From 1 December 2022 to 31 December 2022 (RMB'000)</b>	<b>Year ended 31 December 2023 (RMB'000)</b>	<b>Six months ended 30 June 2024 (RMB'000)</b>
Historical transaction amount	<u>16,172</u>	<u>34,490</u>	<u>18,486</u>

The annual caps for the transactions contemplated under the 2021 Wenling Water Supply Framework Agreement are set out below:

	<b>Year ended 31 December 2022 (RMB'000)</b>	<b>Year ended 31 December 2023 (RMB'000)</b>	<b>Year ending 31 December 2024 (RMB'000)</b>
Historical annual caps	<u>129,100</u>	<u>129,100</u>	<u>129,450</u>

The annual caps for the transactions contemplated under the 2022 Wenling Water Supply (Binhai) Framework Agreement are set out below:

	<b>From 1 December 2022 to 31 December 2022 (RMB'000)</b>	<b>Year ended 31 December 2023 (RMB'000)</b>	<b>Year ending 31 December 2024 (RMB'000)</b>
Historical annual caps	<u>17,000</u>	<u>62,000</u>	<u>88,000</u>

The annual caps for the transactions in relation to municipal water supply services contemplated under the 2025 Wenling Water Supply Framework Agreement are set out below:

	<b>Year ending 31 December</b>		
	<b>2025 (RMB'000)</b>	<b>2026 (RMB'000)</b>	<b>2027 (RMB'000)</b>
Expected annual caps	<u>139,000</u>	<u>141,000</u>	<u>141,000</u>



### ***Raw water supply services***

The historical transaction amount between Taizhou South Bay Water Supply and Wenling Water Supply under the 2022 Wenling Water Supply (South Bay) Framework Agreement is as follows:

	<b>From 1 December 2022 to 31 December 2022 (RMB'000)</b>	<b>Year ended 31 December 2023 (RMB'000)</b>	<b>Six months ended 30 June 2024 (RMB'000)</b>
Historical transaction amount	<u>16,361</u>	<u>21,749</u>	<u>17,504</u>

The annual caps for the transactions contemplated under the 2022 Wenling Water Supply (South Bay) Framework Agreement are set out below:

	<b>From 1 December 2022 to 31 December 2022 (RMB'000)</b>	<b>Year ended 31 December 2023 (RMB'000)</b>	<b>Year ending 31 December 2024 (RMB'000)</b>
Historical annual caps	<u>17,000</u>	<u>35,100</u>	<u>35,100</u>

The annual caps for the transactions in relation to raw water supply services contemplated under the 2025 Wenling Water Supply Framework Agreement are set out below:

	<b>Year ending 31 December</b>		
	<b>2025 (RMB'000)</b>	<b>2026 (RMB'000)</b>	<b>2027 (RMB'000)</b>
Expected annual caps	<u>24,000</u>	<u>24,000</u>	<u>25,000</u>

The above expected annual caps were determined with reference to the (i) historical transaction figures as listed above; (ii) the expected demand of municipal water supply services and raw water supply services from Wenling Water Supply; (iii) the increase in municipal water supply capacity of the Group after completion of construction of Taizhou Water Supply System (Phase IV); and (iv) the water prices as approved by Taizhou DRC.

### 3. 2025 HUANGYAN URBAN AND RURAL WATER SUPPLY FRAMEWORK AGREEMENT

As the term of the 2021 Huangyan Water Supply Framework Agreement and the annual caps for the continuing connected transactions thereunder will expire on 31 December 2024, on 27 September 2024, the Company has entered into the 2025 Huangyan Urban and Rural Water Supply Framework Agreement to renew the transactions thereunder.

The principal terms of the 2025 Huangyan Urban and Rural Water Supply Framework Agreement are set out below:

<b>Date</b>	27 September 2024
<b>Parties</b>	1. The Company; 2. Huangyan Urban and Rural Water Supply
<b>Term</b>	A renewable term commencing from 1 January 2025 to 31 December 2027 (both days inclusive)
<b>Subject matter</b>	The parties agreed that the Group shall provide raw water supply services to Huangyan Urban and Rural Water Supply
<b>Pricing guideline</b>	<p>The prices of the sales of raw water supply services provided by the Group to Huangyan Urban and Rural Water Supply 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 from time to time</p> <p>As at the date of this announcement, pursuant to the Notification on the Reform of Unified Pricing for Municipal Water Supply in Taizhou City (Tai Fa Gai Price [2024] No. 130) (《台州市發展和改革委員會關於市區供水同城同價改革的通知》(台發改價格〔2024〕130號)) issued by the Taizhou DRC, the approved and/or adjusted unit selling price of raw water for Huangyan Urban and Rural Water Supply is set at RMB0.89/m<sup>3</sup> (excluding tax: RMB0.8165/m<sup>3</sup>)</p>
<b>Payment term</b>	Payment for the transactions contemplated under the 2025 Huangyan Urban and Rural Water Supply Framework Agreement shall be made every month on the basis of the volume of raw water supplied by the Group

### Annual cap and basis for determining the annual cap

The historical transaction amount between the Company and Huangyan Urban and Rural Water Supply is as follows:

	Year ended 31 December		Six months ended
	2022	2023	30 June 2024
	(RMB'000)	(RMB'000)	(RMB'000)
Historical transaction amount	<u>50,007</u>	<u>49,016</u>	<u>24,324</u>

The annual caps for the transactions contemplated under the 2021 Huangyan Water Supply Framework Agreement are set out below:

	Year ended 31 December		Year ending
	2022	2023	31 December 2024
	(RMB'000)	(RMB'000)	(RMB'000)
Historical annual caps	<u>55,250</u>	<u>56,790</u>	<u>58,480</u>

The annual caps for the transactions contemplated under the 2025 Huangyan Urban and Rural Water Supply Framework Agreement are set out below:

	Year ending 31 December		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Expected annual caps	<u>53,000</u>	<u>55,000</u>	<u>58,000</u>

The above expected annual caps were determined with reference to the (i) historical transaction figures as listed above; (ii) the expected demand of raw water services from Huangyan Urban and Rural Water Supply; and (iii) the water prices as approved by Taizhou DRC.

#### **4. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

##### **(1) 2025 Yuhuan Water Supply Framework Agreement and 2025 Wenling Water Supply Framework Agreement**

The Group has been providing municipal water supply services and raw water supply services in or incidental to its ordinary and usual course of business to Wenling Water Supply and Yuhuan Water Supply pursuant to the 2021 Yuhuan Water Supply Framework Agreement, the 2021 Wenling Water Supply Framework Agreement, the 2022 Yuhuan Water Supply Framework Agreement, the 2022 Wenling Water Supply (Binhai) Framework Agreement and the 2022 Wenling Water Supply (South Bay) Framework Agreement, which will then provide tap water (after purification of raw water, if necessary) for use by the residents and enterprises in Wenling District and Yuhuan District of Taizhou. In view of the increasing demand on raw water and/or municipal water from Wenling and Yuhuan City, the Company considers that the transactions contemplated under the 2025 Yuhuan Water Supply Framework Agreement and the 2025 Wenling Water Supply Framework Agreement will allow the Group to continue to serve end-users in different districts of Taizhou, and thus contribute to the turnover and the performance of the Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that the 2025 Yuhuan Water Supply Framework Agreement and the 2025 Wenling Water Supply Framework Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on an arm's length basis and on normal commercial terms between the Group and each of Wenling Water Supply and Yuhuan Water Supply, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

##### **(2) 2025 Huangyan Urban and Rural Water Supply Framework Agreement**

The Company has been providing raw water supply services in or incidental to its ordinary and usual course of business to Huangyan Urban and Rural Water Supply, which will then provide tap water after purification of raw water for use by the residents and enterprises in Huangyan District of Taizhou. The Company considers that the transactions contemplated under the 2025 Huangyan Urban and Rural Water Supply Framework Agreement will allow the Group to continue to serve end-users in Huangyan district of Taizhou, and thus contribute to the turnover and the performance of the Group.

In light of the above, the Directors (other than the independent non-executive Directors whose view will be given after taking the advice from the Independent Financial Adviser) consider that the 2025 Huangyan Urban and Rural 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 between the Group and Huangyan Urban and Rural Water Supply, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **5. INTERNAL CONTROL POLICIES AND PROCEDURES**

In order to ensure that the pricing mechanism and terms of the 2025 Yuhuan Water Supply Framework Agreement, the 2025 Wenling Water Supply Framework Agreement and the 2025 Huangyan Urban and Rural 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 Yuhuan Water Supply, Wenling Water Supply and Huangyan Urban and Rural Water Supply 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 the 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 cap under the 2025 Yuhuan Water Supply Framework Agreement, the 2025 Wenling Water Supply Framework Agreement and the 2025 Huangyan Urban and Rural 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 2025 Yuhuan Water Supply Framework Agreement, the 2025 Wenling Water Supply Framework Agreement and the 2025 Huangyan Urban and Rural 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 2025 Yuhuan Water Supply Framework Agreement, the 2025 Wenling Water Supply Framework Agreement and the 2025 Huangyan Urban and Rural 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.

## 6. INFORMATION OF THE PARTIES

### **The Company**

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

### **Wenling Water Supply**

Wenling Water Supply principally engages in the production and supply of municipal water in Wenling District of Taizhou. As at the date of this announcement, Wenling Water Supply is ultimately wholly-owned by the Finance Bureau of Wenling City.

### **Yuhuan Water Supply**

Yuhuan Water Supply principally engages in the supply of municipal water in Yuhuan District of Taizhou. As at the date of this announcement, Yuhuan Water Supply is ultimately owned as to 90% and 10% by the Finance Bureau of Yuhuan City and Zhejiang Provincial Department of Finance, respectively.

### **Huangyan Urban and Rural Water Supply**

Huangyan Urban and Rural Water Supply principally engages in the business of centralised water supply services in Huangyan District of Taizhou. As at the date of this announcement, Huangyan Urban and Rural Water Supply is owned as to 45% by the Company, 49% by Taizhou Huangyan Water Conservancy Development Group Co., Ltd.\* (台州市黃岩水利發展集團有限公司) and 6% by Taizhou Shengshui Equity Investment Partnership (Limited Partnership)\* (台州盛水股權投資合夥企業(有限合夥)). As at the date of this announcement, Taizhou Huangyan Water Conservancy Development Group Co., Ltd. is an indirect wholly-owned subsidiary of Huangyan SCIOG, a substantial Shareholder of the Company, which is ultimately owned by the Finance Bureau of Huangyan District of Taizhou, a PRC Government Body. Taizhou Shengshui Equity Investment Partnership (Limited Partnership) is ultimately owned as to 99% by State-owned Assets Supervision and Administration Commission of the People's Government of Taizhou\* (台州市人民政府國有資產監督管理委員會) and 1% by Shanghai Shengpu Enterprise Management Partnership (Limited Partnership)\* (上海盛浦企業管理合夥企業(有限合夥)), which is ultimate owned by six individual Independent Third Parties.

## 7. LISTING RULES IMPLICATIONS

### (1) 2025 Yuhuan Water Supply Framework Agreement and 2025 Wenling Water Supply Framework Agreement

As at the date of this announcement, (i) Wenling Water Supply is a wholly-owned subsidiary of Wenling Water Group Co., Ltd.\* (溫嶺市水務集團有限公司), which in turn holds 18% equity interest in Taizhou City Water, an 82%-owned subsidiary of the Company; and (ii) Yuhuan Water Supply is a wholly-owned subsidiary of Yuhuan Water Supply Group Co., Ltd.\* (玉環市水務集團有限公司), which in turn holds 40% equity interest in Taizhou South Bay Water Supply, a 60%-owned subsidiary of the Company. Accordingly, each of Wenling Water Supply and Yuhuan Water Supply is a connected person at the subsidiary level of the Company.

As (i) the Board has approved the transactions contemplated under (a) the 2025 Wenling Water Supply Framework Agreement; and (b) 2025 Yuhuan Water Supply Framework Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under each of (a) the 2025 Wenling Water Supply Framework Agreement; and (b) 2025 Yuhuan Water Supply Framework Agreement are fair and reasonable, on normal commercial terms in the ordinary and normal course of business of the Group and in the interests of the Company and the Shareholders as a whole, each of (a) the 2025 Wenling Water Supply Framework Agreement; and (b) 2025 Yuhuan 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 advices and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As none of the Directors has material interest in the 2025 Yuhuan Water Supply Framework Agreement and the 2025 Wenling Water Supply Framework Agreement, no Director was required to abstain from voting on the Board resolutions in relation to the 2025 Yuhuan Water Supply Framework Agreement and the 2025 Wenling Water Supply Framework Agreement.

### (2) 2025 Huangyan Urban and Rural Water Supply Framework Agreement

As at the date of this announcement, Huangyan Urban and Rural Water Supply is indirectly owned as to 49% by Huangyan SCIOG, a substantial Shareholder of the Company (as defined under the Listing Rules), and is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the 2025 Huangyan Urban and Rural Water Supply Framework Agreement, on an annual basis, exceeds 5%, the 2025 Huangyan Urban and Rural Water Supply Framework Agreement is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Ms. Fang Ya, a non-executive Director, is a director nominated by Yongning Financial Consulting, which is a subsidiary of Huangyan SCIOG, the holding company of Huangyan Urban and Rural Water Supply, she is deemed to have a material interest in the 2025 Huangyan Urban and Rural Water Supply Framework Agreement, and has abstained from voting on the board resolutions in respect of the 2025 Huangyan Urban and Rural Water Supply Framework Agreement.



Save as disclosed above, none of the Directors has material interest in the 2025 Huangyan Urban and Rural Water Supply Framework Agreement, and therefore no other Director has abstained from voting on such board resolutions.

## 8. GENERAL

A circular containing, among other things, (i) details of the 2025 Huangyan Urban and Rural Water Supply Framework Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders with respect to the 2025 Huangyan Urban and Rural Water Supply Framework Agreement; (iii) the advice and recommendation from the Independent Financial Adviser with respect to the 2025 Huangyan Urban and Rural Water Supply Framework Agreement; and (iv) a notice convening the EGM together with the proxy form and the reply slip, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## 9. DEFINITIONS

“2021 Huangyan Water Supply Framework Agreement”	the agreement entered into between the Company and Huangyan Urban and Rural Water Supply dated 1 September 2021 in relation to the provision of raw water supply services by the Company to Huangyan Urban and Rural Water Supply
“2021 Wenling Water Supply Framework Agreement”	the agreement entered into between Taizhou City Water and Wenling Water Supply dated 1 September 2021 in relation to the provision of municipal water supply services by Taizhou City Water to Wenling Water Supply
“2021 Yuhuan Water Supply Framework Agreement”	the agreement entered into between Taizhou City Water and Yuhuan Water Supply dated 1 September 2021 in relation to the provision of municipal water supply services by Taizhou City Water to Yuhuan Water Supply
“2022 Wenling Water Supply (Bin Hai) Framework Agreement”	the agreement entered into between Bin Hai Water and Wenling Water Supply dated 28 December 2022 in relation to the provision of municipal water supply services by Bin Hai Water to Wenling Water Supply
“2022 Wenling Water Supply (South Bay) Framework Agreement”	the agreement entered into between Taizhou South Bay Water Supply and Wenling Water Supply dated 28 December 2022 (as amended and supplemented by a supplemental agreement dated 7 March 2023) in relation to the provision of raw water supply services by Taizhou South Bay Water Supply to Wenling Water Supply

“2022 Yuhuan Water Supply Framework Agreement”	the agreement entered into between Taizhou South Bay Water Supply and Yuhuan Water Supply dated 28 December 2022 in relation to the provision of municipal water supply services by Taizhou South Bay Water Supply to Yuhuan Water Supply
“2025 Huangyan Urban and Rural Water Supply Framework Agreement”	the agreement entered into between the Company and Huangyan Urban and Rural Water Supply dated 27 September 2024 in relation to the provision of raw water supply services by the Group to Huangyan Urban and Rural Water Supply
“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
“2025 Yuhuan Water Supply Framework Agreement”	the agreement entered into between the Company and Yuhuan Water Supply dated 27 September 2024 in relation to the provision of municipal water supply services by the Group to Yuhuan Water Supply
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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 subsidiary of the Company owned as to 51% by the Company and 49% by Taizhou City Water, our subsidiary, as at the date of this announcement
“Board” or “Board of Directors”	the board of Directors of the Company
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “China” and the “PRC” do not apply to Taiwan, 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)

“connected person(s)”	has the meaning ascribed to it in 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
“EGM”	the 2024 first extraordinary general meeting of the Company to be convened by the Company to consider the 2025 Huangyan Urban and Rural Water Supply Framework Agreement and the transactions contemplated thereunder
“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
“Huangyan SCIOG”	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) (formerly known as Taizhou Huangyan State-owned Assets Operation Group Co., Ltd.* (台州市黃岩區國有資產經營集團有限公司)), a wholly state-owned enterprise with limited liability established in the PRC
“Huangyan Urban and Rural Water Supply”	Taizhou Huangyan Urban and Rural Water Supply Co., Ltd.* (台州市黃岩城鄉自來水有限公司) (formerly known as Zhejiang Huangyan Water Supply Co., Ltd.* (浙江黃岩自來水公司)), a limited liability company established in the PRC on 1 January 1989, and is owned as to 45% by the Company, 49% by Taizhou Huangyan Water Conservancy Development Group Co., Ltd.* (台州市黃岩水利發展集團有限公司) and 6% by Taizhou Shengshui Equity Investment Partnership (Limited Partnership)* (台州盛水股權投資合夥企業(有限合夥)) as at the date of this announcement
“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 2025 Huangyan Urban and Rural Water Supply Framework Agreement

“Independent Financial Adviser”	Honestum International Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser that has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the 2025 Huangyan Urban and Rural Water Supply Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in the 2025 Huangyan Urban and Rural Water Supply Framework Agreement
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“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 the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary/(ies)”	has the meaning ascribed to it under the Listing Rules
“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) as at the date of this announcement
“Taizhou DRC”	Taizhou Development and Reform Commission (台州市發展和改革委員會)
“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), a limited liability company established in the PRC on 13 March 2018 and a subsidiary of the Company owned as to 60% by the 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 announcement

“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 announcement
“Yongning Financial Consulting”	Zhejiang Yongning Financial Consulting Co., Ltd.* (浙江永寧財務諮詢有限公司), a limited liability company established in the PRC which holds approximately 13.34% of the total issued share capital of the Company as at the date of this announcement
“Yuhuan Water Supply”	Yuhuan Water Supply Co., Ltd.* (玉環市自來水有限公司), a limited liability company established in the PRC on 12 May 1992, and is ultimately owned as to 90% by the Financial Bureau of Yuhuan City* (玉環市財政局) and 10% by Zhejiang Provincial Department of Finance as at the date of this announcement
“%”	per cent

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

Taizhou, the PRC  
 27 September 2024

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

\* For identification purpose only