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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS HIGHLIGHTS:

- Revenue for the year ended 31 December 2023 amounted to approximately RMB606.3 million, representing an increase of approximately 11.7% from the year ended 31 December 2022.
- Loss for the year ended 31 December 2023 amounted to approximately RMB110.5 million, as compared to a profit of approximately RMB57.8 million for the year ended 31 December 2022.
- Loss attributable to owners of the parent for the year ended 31 December 2023 amounted to approximately RMB84.0 million, as compared to a profit attributable to owners of the parent of approximately RMB55.9 million for the year ended 31 December 2022.
- Basic loss per share for the year ended 31 December 2023 amounted to approximately RMB0.42.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Taizhou Water Group Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”). The content of this annual results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to preliminary announcements of audited annual results which is prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Such audited annual results have also been reviewed and confirmed by the Board and the audit committee of the Board (the “**Audit Committee**”). Unless otherwise stated, the financial data of the Company are presented in Renminbi (“**RMB**”).

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	606,347	542,659
Cost of sales		<u>(461,575)</u>	<u>(331,380)</u>
Gross profit		144,772	211,279
Other income and gains	4	16,293	15,531
Administrative expenses		(87,287)	(66,919)
Other expenses		(472)	(718)
Finance costs		(131,894)	(48,733)
Share of profits and losses of associates		<u>(19,850)</u>	<u>(17,844)</u>
(LOSS)/PROFIT BEFORE TAX	5	(78,438)	92,596
Income tax expense	6	<u>(32,022)</u>	<u>(34,842)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(110,460)</u>	<u>57,754</u>
Attributable to:			
Owners of the parent		(84,000)	55,925
Non-controlling interests		<u>(26,460)</u>	<u>1,829</u>
		<u>(110,460)</u>	<u>57,754</u>
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted (RMB)	8	<u>(0.42)</u>	<u>0.28</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		<u>27,369</u>	<u>(1,195)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>27,369</u>	<u>(1,195)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(83,091)</u>	<u>56,559</u>
Attributable to:			
Owners of the parent		(56,631)	54,730
Non-controlling interests		<u>(26,460)</u>	<u>1,829</u>
		<u>(83,091)</u>	<u>56,559</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,331,872	4,372,312
Prepayments for property, plant and equipment		9,652	5,449
Prepayments for land use rights		165	165
Other intangible assets		233	270
Investments in associates		529,679	522,160
Deferred tax assets		25,213	26,228
Right-of-use assets	10	365,760	373,806
Total non-current assets		5,262,574	5,300,390
CURRENT ASSETS			
Inventories		4,855	5,259
Trade receivables	11	146,801	122,425
Prepayments, other receivables and other assets		32,337	22,030
Pledged bank deposits		8,595	17,785
Cash and cash equivalents		447,830	269,759
Total current assets		640,418	437,258
CURRENT LIABILITIES			
Trade payables	12	75,310	79,893
Other payables and accruals		1,032,517	1,113,227
Interest-bearing bank and other borrowings		75,536	96,130
Corporate debt instrument		150,891	–
Deferred government grants		9,733	9,341
Lease liabilities	10	684	18,829
Tax payable		14,847	16,451
Total current liabilities		1,359,518	1,333,871
NET CURRENT LIABILITIES		(719,100)	(896,613)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,543,474	4,403,777

	<i>Note</i>	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,331,784	3,093,519
Deferred government grants		131,823	141,974
Other liabilities		2,000	1,713
		<hr/>	<hr/>
Total non-current liabilities		3,465,607	3,237,206
		<hr/>	<hr/>
Net assets		1,077,867	1,166,571
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>13</i>	200,000	200,000
Reserves		672,273	743,904
		<hr/>	<hr/>
		872,273	943,904
		<hr/>	<hr/>
Non-controlling interests		205,594	222,667
		<hr/>	<hr/>
Total equity		1,077,867	1,166,571
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 31 December 2023, the Group recorded net current liabilities of approximately RMB719,100,000; in which the Group recorded the other payables and accruals of RMB1,032,517,000.

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 31 December 2023, the Group has available bank facilities with a total amount of RMB3,517,500,000 which can be utilised 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill) liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. 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

During the Reporting Period, 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 during the year is set out below:

	2023 RMB'000	2022 RMB'000
Customer 1	158,783	161,334
Customer 2	149,016	109,541
Customer 3	105,511	103,174
Customer 4	76,945	55,018

* The corresponding revenue from the customer is not disclosed as the revenue did not individually account for 10% or more of the Group's revenue for the year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	<u>606,347</u>	<u>542,659</u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Type of goods or services		
Sale of water	585,540	524,051
Installation services	<u>20,807</u>	<u>18,608</u>
Total	<u>606,347</u>	<u>542,659</u>

Timing of revenue recognition

Goods transferred at a point in time	585,540	524,051
Services transferred over time	<u>20,807</u>	<u>18,608</u>
Total	<u>606,347</u>	<u>542,659</u>

(b) *Contract liabilities*

The Group recognised the following revenue-related contract liabilities:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current	<u>5,101</u>	<u>4,675</u>

Contract liabilities represented the obligations to transfer goods to a customer for which the Group has received consideration. The amount was included in “Other payables and accruals” in the consolidated statement of financial position.

(i) *Significant changes in contract liabilities*

The changes in the contract liabilities are mainly attributable to the short-term advances received to transfer goods to customers and satisfaction of performance obligations.

(ii) *Revenue recognised in relation to contract liabilities*

The following table shows the amount of revenue recognised during the current Reporting Period that was included in the contract liabilities at the beginning of the Reporting Period and recognised from performance obligations satisfied in previous periods:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Installation services	4,675	4,562

(c) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of water

The performance obligation is satisfied upon delivery of the water and payment is generally due within two months.

Installation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	10,132	20,938
After one year	16,104	–
Total	26,236	20,938

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other income and gains		
Bank interest income	4,559	3,094
Government grants	270	745
Value added tax refund	10,777	11,289
Others	687	403
Total other income and gains	16,293	15,531

5. (LOSS)/PROFIT BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of inventories sold*	446,328	318,605
Cost of services provided	15,247	12,775
Depreciation of property, plant and equipment	194,622	82,747
Depreciation of right-of-use assets	16,976	11,972
Amortisation of other intangible assets**	135	131
Impairment of trade receivables, net	180	430
Impairment of financial assets included in prepayments, other receivables and other assets	2	–
Impairment of contract assets	840	–
Government grants***	(270)	(745)
Foreign exchange differences, net	42	322
Auditor's remuneration	3,532	3,805
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration):		
Wages and salaries	54,861	49,070
Pension scheme contributions	10,527	9,335
Staff welfare expenses	12,687	10,445
	<hr/>	<hr/>
Total	78,075	68,850
	<hr/>	<hr/>
Loss on disposal of items of property, plant and equipment	62	61
	<hr/>	<hr/>

* The cost of inventories sold includes RMB236,404,000 (2022: RMB124,945,000) relating to staff costs and depreciation of property, plant and equipment for the year, which are also included in the respective total amounts disclosed above for each type of expenses.

** The amortisation of other intangible assets for the year is included in “Cost of sales” and “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

*** The government grants mainly represent compensation by the local government to support the Group's operation in Taizhou City, the PRC. There were no unfulfilled conditions or contingencies attached to these government grants.

6. 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 Reporting Period, except for Taizhou Environmental Development Co., Ltd., Zhejiang Xianzhiquan Water Co., Ltd. and Taizhou Bisui Water Technology Co., Ltd., the provision for current income tax in Chinese Mainland was based on the statutory rate of 25% (2022: 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 Co., Ltd., Zhejiang Xianzhiquan Water Co., Ltd. and Taizhou Bisui Water Technology Co., Ltd. are qualified as small and micro enterprises and were entitled to a preferential income tax rate of 2.5% (2022: 2.5%) for the taxable income less than or equal to RMB1,000,000 and a preferential income tax rate of 5% (2022: 5%) for the taxable income between RMB1,000,000 and RMB3,000,000 during the Reporting Period.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax – Chinese Mainland		
Charge for the year	31,007	39,062
Deferred tax	<u>1,015</u>	<u>(4,220)</u>
Total tax charge for the year	<u>32,022</u>	<u>34,842</u>

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate in Chinese Mainland to the tax expense at the effective tax rate is as follows:

	2023		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
(Loss)/profit before tax	<u>(78,438)</u>		<u>92,596</u>	
Tax at the statutory tax rate of 25% in Chinese Mainland	(19,610)	25.0	23,149	25.0
Lower tax rate for specific provinces or enacted by local authority	447	(0.6)	74	0.1
Profits and losses attributable to associates	4,963	(6.3)	4,461	4.8
Effect of non-deductible expenses	424	(0.5)	437	0.5
Tax losses not recognised	45,798	(58.4)	6,948	7.4
Tax losses utilised from previous years	<u>–</u>	<u>–</u>	<u>(227)</u>	<u>(0.2)</u>
Tax charge at the Group's effective rate	<u>32,022</u>	<u>(40.8)</u>	<u>34,842</u>	<u>37.6</u>

7. DIVIDENDS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Proposed final – nil (2022: RMB0.075) per ordinary share	<u>–</u>	<u>15,000</u>

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculation of basic (loss)/earnings per share is based on:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent used in the basic (loss)/earnings per share calculation	<u>(84,000)</u>	<u>55,925</u>
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	<u>200,000,000</u>	<u>200,000,000</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Pipelines RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023								
At 1 January 2023:								
Cost	1,323,453	3,239,514	516,602	67,900	12,368	308	305,469	5,465,614
Accumulated depreciation	(292,419)	(491,803)	(243,996)	(55,701)	(9,153)	(230)	-	(1,093,302)
Net carrying amount	<u>1,031,034</u>	<u>2,747,711</u>	<u>272,606</u>	<u>12,199</u>	<u>3,215</u>	<u>78</u>	<u>305,469</u>	<u>4,372,312</u>
At 1 January 2023, net of accumulated depreciation								
1,031,034	2,747,711	272,606	12,199	3,215	78	305,469	4,372,312	
Additions	4	-	1,059	1,394	80	-	152,190	154,727
Capitalisation of depreciation of right-of-use assets (note 10)	-	-	-	-	-	-	239	239
Disposals	-	-	(11)	(45)	(11)	(20)	(697)	(784)
Depreciation provided during the year	(70,931)	(88,427)	(31,045)	(2,996)	(1,188)	(35)	-	(194,622)
Transfers	<u>33,223</u>	<u>128,787</u>	<u>11,933</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>(174,153)</u>	<u>-</u>
At 31 December 2023, net of accumulated depreciation	<u>993,330</u>	<u>2,788,071</u>	<u>254,542</u>	<u>10,762</u>	<u>2,096</u>	<u>23</u>	<u>283,048</u>	<u>4,331,872</u>
At 31 December 2022:								
Cost	1,356,680	3,368,301	529,254	68,057	12,105	24	283,048	5,617,469
Accumulated depreciation	(363,350)	(580,230)	(274,712)	(57,295)	(10,009)	(1)	-	(1,285,597)
Net carrying amount	<u>993,330</u>	<u>2,788,071</u>	<u>254,542</u>	<u>10,762</u>	<u>2,096</u>	<u>23</u>	<u>283,048</u>	<u>4,331,872</u>

	Buildings RMB'000	Pipelines RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022								
At 1 January 2022:								
Cost	428,796	640,916	266,249	63,089	11,808	266	3,183,378	4,594,502
Accumulated depreciation	(260,836)	(455,146)	(234,560)	(53,813)	(7,501)	(177)	-	(1,012,033)
Net carrying amount	<u>167,960</u>	<u>185,770</u>	<u>31,689</u>	<u>9,276</u>	<u>4,307</u>	<u>89</u>	<u>3,183,378</u>	<u>3,582,469</u>
At 1 January 2022, net of accumulated depreciation								
Net carrying amount	167,960	185,770	31,689	9,276	4,307	89	3,183,378	3,582,469
Additions	-	-	2,803	1,489	560	42	857,496	862,390
Capitalisation of depreciation of right-of-use assets (note 10)	-	-	-	-	-	-	12,435	12,435
Disposals	-	(1,810)	(42)	(18)	-	-	-	(1,870)
Depreciation provided during the year	(31,583)	(36,657)	(10,696)	(2,471)	(1,652)	(53)	-	(83,112)
Transfers	894,657	2,600,408	248,852	3,923	-	-	(3,747,840)	-
At 31 December 2022, net of accumulated depreciation	<u>1,031,034</u>	<u>2,747,711</u>	<u>272,606</u>	<u>12,199</u>	<u>3,215</u>	<u>78</u>	<u>305,469</u>	<u>4,372,312</u>
At 31 December 2022:								
Cost	1,323,453	3,239,514	516,602	67,900	12,368	308	305,469	5,465,614
Accumulated depreciation	(292,419)	(491,803)	(243,996)	(55,701)	(9,153)	(230)	-	(1,093,302)
Net carrying amount	<u>1,031,034</u>	<u>2,747,711</u>	<u>272,606</u>	<u>12,199</u>	<u>3,215</u>	<u>78</u>	<u>305,469</u>	<u>4,372,312</u>

10. LEASES

The Group as a lessee

The Group has lease contracts for land used in its operations with lease periods of 2 to 50 years. Lump sum payments were made upfront to acquire certain of these land leases, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Lands <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	395,152	395,152
Additions	3,061	3,061
Depreciation recognised in profit or loss during the year	(11,972)	(11,972)
Depreciation capitalised in property, plant and equipment during the year (<i>note 9</i>)	(12,435)	(12,435)
	<u>373,806</u>	<u>373,806</u>
As at 31 December 2022 and 1 January 2023	373,806	373,806
Additions	9,169	9,169
Depreciation recognised in profit or loss during the year	(16,976)	(16,976)
Depreciation capitalised in property, plant and equipment during the year (<i>note 9</i>)	(239)	(239)
	<u>365,760</u>	<u>365,760</u>

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount at 1 January	18,829	19,729
Additions	684	–
Payments during the year	(18,829)	(900)
	<u>684</u>	<u>18,829</u>
Carrying amount at 31 December	684	18,829
Analysed into:		
Current portion	684	18,829

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation charge of right-of-use assets	16,976	11,972

11. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	20,741	16,409
Due from related parties	<u>179,855</u>	<u>159,631</u>
Subtotal	200,596	176,040
Impairment	<u>(53,795)</u>	<u>(53,615)</u>
Total	<u>146,801</u>	<u>122,425</u>

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 31 December 2023, certain of the Group's trade receivables with a carrying amount of RMB130,376,000 (2022: RMB110,447,000) were pledged to secure the Group's bank loans.

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	111,854	101,854
3 to 6 months	31,955	19,023
6 to 12 months	1,428	1,045
1 to 2 years	1,429	503
2 to 3 years	<u>135</u>	<u>–</u>
Total	<u>146,801</u>	<u>122,425</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	53,615	53,185
Impairment losses, net	<u>180</u>	<u>430</u>
At end of year	<u>53,795</u>	<u>53,615</u>

The Group has applied the simplified approach to provide for expected credit losses under HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk characteristics and the days past due of each group of trade receivables to measure the expected credit losses. The Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate. The expected credit losses were determined according to a provision matrix as follows:

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
As at 31 December 2023			
Less than 1 year	145,736	0.34%	499
Between 1 and 2 years	1,887	24.27%	458
Over 2 years	4,293	96.86%	4,158
Default receivables	48,680	100.00%	48,680
	<hr/>		<hr/>
Total	200,596	26.82%	53,795
	<hr/>		<hr/>
As at 31 December 2022			
Less than 1 year	122,510	0.48%	588
Between 1 and 2 years	812	38.05%	309
Over 2 years	4,038	100.00%	4,038
Default receivables	48,680	100.00%	48,680
	<hr/>		<hr/>
Total	176,040	30.46%	53,615
	<hr/>		<hr/>

12. TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	<u>75,310</u>	<u>79,893</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	48,465	52,918
3 to 6 months	18,479	18,956
6 to 12 months	4,934	4,224
Over 12 months	<u>3,432</u>	<u>3,795</u>
Total	<u>75,310</u>	<u>79,893</u>

The trade payables are non-interest-bearing and are normally settled on terms of one to two months.

13. SHARE CAPITAL

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Issued and fully paid:		
Domestic shares of 150,000,000 (2022: 150,000,000) of RMB1.00 each	150,000	150,000
H shares of 50,000,000 (2022: 50,000,000) of RMB1.00 each	<u>50,000</u>	<u>50,000</u>
Total	<u>200,000</u>	<u>200,000</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2023, the Party Central Committee and the State Council issued the “Outline of the National Water Network Construction Plan”* (《國家水網建設規劃綱要》), which proposes to accelerate the construction of a national water network that is “systematically complete, safe and reliable, intensive and efficient, green and intelligent, smoothly circulating and orderly regulated”. The plan aims to essentially form the overall pattern of the national water network by 2035. This outline is an important guiding document for the current and future construction of the national water network, systematically planning to build a national water security guarantee system that is compatible with socialist modernization and to ensure a higher level of national water security.

Recently, the State Council has issued the “Action Plan for Promoting Large-scale Equipment Renewal and the Replacement of Old Consumer Goods with New Ones”* (《推動大規模設備更新和消費品以舊換新行動方案》), which points out the need to promote the renewal and renovation of infrastructure in related fields such as sewage, pipelines and garbage disposal facilities. The Group expects that the relevant industry authorities in Taizhou will implement and deploy according to the requirements of superior departments, providing positive and favorable policy support for the next phase of the Group’s promotion of smart water construction as well as upgrading and renovation of old pipelines and equipment.

DEVELOPMENT STRATEGIES AND OUTLOOK

2023 is the first year to fully implement the spirit of the 20th National Congress of the Party. The Central Economic Working Conference in December clearly proposed to lead the construction of a modern industrial system with scientific and technological innovation, especially to foster new industries, new models and new drivers through disruptive technologies and frontier technologies, so as to develop new quality productive forces. During the Reporting Period, the Group, based on its functional positioning and leveraging its own advantages, has strengthened its commitment to the water affairs sector by undertaking the construction of the entire water industry chain, including the raw water and water supply. Projects such as the construction of Luqiao-Jiaojiang Water Supply Pipeline, implementation of Shenxian Danong* (神仙大農) Packaged Drinking Water and construction of the Photovoltaic Project in the East Zone have been initiated, aiming to reduce costs, increase efficiency and expand revenue. While growing and strengthening its main business, the Group continues to seek new profit growth points. In the next phase, the Group will strive to open new pathways for high-quality development, advancing a series of projects including the renovation of secondary water supply facilities in old residential communities, high-quality drinking water, smart water affairs and others. By enhancing its self-sustaining capabilities, the Group aims to improve its core competitiveness through high-quality development and accelerate its market-oriented transformation and upgrading.

* For identification purposes only

BUSINESS REVIEW

As a leading water supply service provider in Taizhou, the Group's principal businesses are supply of raw water, municipal water, pipeline direct drinking water, packaged drinking 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 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). The designed raw water supply capacity is approximately 1,220,000 tonnes per day, and the municipal water supply capacity is 750,000 tonnes per day in the South Area of 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. ("**Wenling Zeguo Water Supply**"), a wholly-owned subsidiary of the Company. The raw water supply capacity of 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 raw water supply capacity of Taizhou Water Supply System (Phase III) is 480,000 tonnes per day, of which the raw water supply capacity of Taizhou Water Supply System (Phase IV) is 150,000 tonnes per day. For the year ended 31 December 2023, the raw water sales volume was 127.5 million tonnes, representing a decrease of approximately 1.9% as compared with 130.0 million tonnes for the year ended 31 December 2022.

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 366,000 tonnes per day, 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. Taizhou Water Treatment Plant is responsible for selling municipal water to local municipal water service providers. For the year ended 31 December 2023, municipal water sales volume was 166.0 million tonnes, representing an increase of approximately 17.9% as compared with 140.8 million tonnes for the year ended 31 December 2022.

3. Tap Water Supply Project

As of 31 December 2023, the Group was responsible for supplying tap water to end-users of Zeguo Town, Wenling City (including commercial users, government authorities, industrial users and residential households in Zenguo Town). For the year ended 31 December 2023, tap water sales volume was 11.6 million tonnes, representing an increase of approximately 2.7% as compared with 11.3 million tonnes for the year ended 31 December 2022.

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. For the year ended 31 December 2023, revenue from installation services amounted to RMB20.8 million, representing an increase of approximately 11.8% as compared with RMB18.6 million for the year ended 31 December 2022.

5. Construction Project

During the Reporting Period, construction projects in progress of the Group are the Taizhou Water Supply System (Phase III), the Taizhou Water Supply System (Phase IV) and the construction works in respect of the construction and installation of water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section) (the **“Taizhou South Water Resources Optimization Project”**).

The construction of the Taizhou Water Supply System (Phase III) commenced in February 2018 and was put into operation in October 2022. The construction of Taizhou Water Supply System (Phase IV) commenced in November 2018 and was put into operation in August 2022. The preliminary works such as feasibility study, design, planning permit application and tender for construction of the project has completed and hence the construction of Taizhou South Water Resources Optimization Project commenced in October 2023.

During the Reporting Period, the acceptance, rectification and settlement of the works of each section of the Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV) were in solid progress. The adjustment for Taizhou Water Supply System (Phase III) was approved by the Taizhou Municipal Development and Reform Commission and its Taizhou Water Treatment Plant Expansion Project has entered into the joint commissioning stage. The planning and site selection for the booster pumping station of Taizhou Water Supply System (Phase IV) has completed.

FINANCIAL REVIEW

1 Analysis of Key Items of Consolidated Statement of Profit or Loss and Other Comprehensive Income

1.1 Revenue

Revenue of the Group increased by RMB63.6 million or 11.7%, from approximately RMB542.7 million for the year ended 31 December 2022 to approximately RMB606.3 million for the Reporting Period.

(1) Raw water supply

Revenue of the Group generated from sales of raw water remained relatively stable and decreased by RMB1.0 million or 0.7%, from approximately RMB137.2 million for the year ended 31 December 2022 to approximately RMB136.2 million for the Reporting Period.

(2) Municipal water supply

Revenue of the Group generated from sales of municipal water increased by RMB60.4 million or 17.8%, from approximately RMB338.4 million for the year ended 31 December 2022 to approximately RMB398.8 million for the Reporting Period.

(3) Tap water supply

Revenue of the Group generated from sales of tap water increased by RMB2.0 million or 4.1%, from approximately RMB48.5 million for the year ended 31 December 2022 to approximately RMB50.5 million for the Reporting Period.

(4) Installation services

Revenue of the Group generated from installation services increased by RMB2.2 million or 11.8%, from approximately RMB18.6 million for the year ended 31 December 2022 to approximately RMB20.8 million for the Reporting Period.

1.2 Cost of sales

The Group's cost of sales increased by RMB130.2 million or 39.3%, from approximately RMB331.4 million for the year ended 31 December 2022 to approximately RMB461.6 million for the Reporting Period. The increase was mainly due to the increase in the raw water procurement fee, the inclusion of the depreciation of assets of Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司) (the "Binhai Water") and South Bay Water in cost.

1.3 Gross profit and gross profit margin

As a result of the above, the Group's gross profit decreased by RMB66.5 million or 31.5%, from approximately RMB211.3 million for the year ended 31 December 2022 to approximately RMB144.8 million for the Reporting Period. Gross profit margin decreased from 38.9% for the year ended 31 December 2022 to 23.9% for the Reporting Period.

1.4 Other income and gains

Other income and gains increased by RMB0.8 million or 5.2%, from approximately RMB15.5 million for the year ended 31 December 2022 to RMB16.3 million for the Reporting Period, which was mainly due to the increase in bank interest income of RMB1.5 million in 2023.

1.5 Administrative expenses

Administrative expenses increased by RMB20.4 million or 30.5%, from approximately RMB66.9 million for the year ended 31 December 2022 to approximately RMB87.3 million for the Reporting Period, which was mainly due to the increase in employee benefit expenses because of the increase in number of employees, and the inclusion of the related depreciation and amortisation expense in administrative expenses after reclassification of construction-in-progress projects to fixed assets.

1.6 Finance costs

Finance costs increased by RMB83.2 million or 170.8%, from approximately RMB48.7 million for the year ended 31 December 2022 to approximately RMB131.9 million for the Reporting Period, which was mainly due to the inclusion of interest on loans of projects for Binhai Water and South Bay Water after reclassification of construction-in-progress projects to fixed assets in finance costs.

1.7 Income tax expense

Income tax expense decreased by RMB2.8 million or 8.0%, from approximately RMB34.8 million for the year ended 31 December 2022 to approximately RMB32.0 million for the Reporting Period, which was primarily due to the decrease in profit before tax.

* For identification purposes only

1.8 Profit after tax and profit margin after tax

As a result of above, the Group recorded a loss after tax of approximately RMB110.5 million for the Reporting Period as compared to a profit after tax of approximately RMB57.8 million for the year ended 31 December 2022. Profit margin after tax decreased from 10.7% for the year ended 31 December 2022 to -18.2% for the Reporting Period.

2 Analysis of Key Items of Consolidated Statement of Financial Position

2.1 Property, plant and equipment

As at 31 December 2022 and 2023, property, plant and equipment were approximately RMB4,372.3 million and RMB4,331.9 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 the fixed assets.

2.2 Investment in associates

Investment in associates represented the investments in which the Group had a long term interest of not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence, which included Taizhou Zhuxi Reservoir Development Co., Ltd. (“**Zhuxi Reservoir Development**”), Taizhou Water Supply Co., Ltd., Taizhou Jiaobei Water Supply Co., Ltd., Taizhou Luqiao Water Supply Co., Ltd. and Taizhou Huangyan Urban and Rural Water Supply Co., Ltd.

2.3 Right-of-use assets

As at 31 December 2022 and 2023, right-of-use assets were approximately RMB373.80 million and RMB365.8 million, respectively.

2.4 Inventories

As at 31 December 2022 and 2023, inventories were approximately RMB5.3 million and RMB4.9 million, respectively. Inventories mainly comprised raw materials including chemicals used in the water treatment process.

2.5 *Trade receivables*

As at 31 December 2022 and 2023, trade receivables were approximately RMB122.4 million and RMB146.8 million, respectively. Trade receivables are related to receivables from customers under the water supply business.

2.6 *Prepayments, other receivables and other assets*

As at 31 December 2022 and 2023, prepayments, other receivables and other assets were approximately RMB22.0 million and RMB32.3 million, respectively. Such increase was primarily attributable to the increase in other receivables and deductible value-added tax.

2.7 *Trade payables*

As at 31 December 2022 and 2023, trade payables were approximately RMB79.9 million and RMB75.3 million, respectively. Trade payables mainly comprised outstanding payments for raw water procurement and water resources fee.

2.8 *Other payables and accruals*

As at 31 December 2022 and 2023, other payables and accruals were approximately RMB1,113.2 million and RMB1,032.5 million, respectively. Such decrease was primarily attributable to the decrease in other payables for the construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV).

2.9 *Deferred government grants*

As at 31 December 2022 and 2023, deferred government grants were approximately RMB151.3 million and RMB141.5 million, respectively. The decrease was mainly due to the amortisation of government grants with no new government subsidies received in 2023.

2.10 *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 of the Company (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 which were mainly denominated in Renminbi) 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 31 December 2023, cash and bank balance of the Group was approximately RMB447.8 million (as at 31 December 2022: approximately RMB269.8 million).

As at 31 December 2023, total borrowings of the Group were approximately RMB3,558.2 million (as at 31 December 2022: approximately RMB3,189.6 million) and included bank, other loans and debt instruments, with 82.9% of borrowings at floating rates.

As at 31 December 2023, gearing ratio of the Group (total debts divided by total equity as at the year end) was 330.1% (as at 31 December 2022: 273.4%). The increase in gearing ratio was mainly due to the increase in bank and other borrowings of approximately RMB316.0 million and debt instruments of RMB150.9 million for the construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV).

Significant Investments

For the year ended 31 December 2023, the Group did not hold any significant investment in equity interest in any other company (for the year ended 31 December 2022: nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 19 April 2023, the Company and Zhejiang Yongan Water Group Co., Ltd.* (浙江永安水務集團有限公司) (the “**Zhejiang Yongan**”), a third party independent of the Company, its subsidiaries and its connected persons, entered into a joint venture agreement in relation to the formation of Zhejiang Xianzhiquan Water Co., Ltd.* (浙江仙之泉水業有限公司) (the “**Joint Venture Company**”). The Board considers that there is significant demand for healthy drinking spring water in the Yangtze River Delta region. The Directors consider that the formation of the Joint Venture Company will provide an opportunity for the Group to take advantage of the natural spring water reserves of the Tianshi Town, Xianju County (仙居縣田市鎮) for the purpose of commercializing bottled water under the Joint Venture Company’s own brand and sales channel. As at the date of this annual results announcement, the Joint Venture Company is a subsidiary of the Company owned as to 51% by our Company and 49% by Zhejiang Yongan, and its financial results are consolidated into the Group’s consolidated financial statements. For further details, please refer to the circular of the Company dated 31 May 2023 and the announcement of the Company dated 30 June 2023.

Save as disclosed above, 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

During the Reporting Period, the bank borrowings of the Group amounted to RMB3,406.8 million (for the year ended 31 December 2022: RMB3,189.6 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.

* For identification purposes only

Foreign Exchange Risk

The Group carries out business in the PRC and receives revenue and pays its costs and expenses in RMB. The Group had bank deposits in Hong Kong dollar and the distributed dividends in Hong Kong dollar. The Group recognised net foreign exchange loss of approximately RMB42,325 during the Reporting Period. The Group does not currently hedge its exposure to foreign currencies. The Group will continue to monitor foreign exchange movements to maximise the Group's cash values.

Contingent Liabilities

As at the end of the Reporting Period, the Group did not have any material contingent liability (as at 31 December 2022: nil).

Subsequent Events after Reporting Period

On 9 January 2024, the Company issued a private placement note with an aggregate principal amount of RMB150,000,000 at 100% of face value (the “**2024 First PPN**”). The 2024 First PPN carry interest at the rate of 3.13% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB149,985,000. The 2024 First PPN will mature on 10 January 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 251 employees (as at 31 December 2022: 237). During the Reporting Period, employees benefit expense amounted to approximately RMB80.9 million (for the year ended 31 December 2022: RMB72.1 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.

ANNUAL GENERAL MEETING

The Company will hold the annual general meeting on Friday, 28 June 2024 (the “**2024 AGM**”). A notice convening the 2024 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Wednesday, 29 May 2024 to Friday, 28 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to be eligible for attending the 2024 AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 28 May 2024.

CORPORATE GOVERNANCE PRACTICES

The Group strived to maintain high standards of corporate governance in order to safeguard the interests of Shareholders and enhance the corporate value and accountability. The Company has adopted the principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the code provisions set out in the CG Code. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

MODEL CODE REGARDING SECURITIES TRANSACTIONS CONDUCTED

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding transactions conducted by the Directors and supervisors of the Company (the “**Supervisor**”). Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the required standard set out in the Model Code during the Reporting Period.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had bought back, sold or redeemed any listed securities of the Company during the Reporting Period.

THE AUDIT COMMITTEE

The Company has established the audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Paragraph D.3 of the CG Code. The Audit Committee consists of two independent non-executive Directors including Mr. Li Wai Chung and Ms. Hou Meiwen and one non-executive Director, Mr. Lin Genman. The Audit Committee is chaired by Mr. Li Wai Chung.

The Audit Committee has reviewed, with the management and the Board, the accounting principles and policies adopted by the Company, the audited annual results and the audited consolidated financial statements of the Company for the year ended 31 December 2023. The Audit Committee also approved the annual results and the consolidated financial statements for the year ended 31 December 2023 and submitted them to the Board for approval.

SCOPE OF WORK OF THE AUDITORS ON THE ANNUAL RESULTS ANNOUNCEMENT

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditors of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR 2023 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zjtzwater.com). The annual report for 2023 containing all information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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
28 March 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. Ye Xiaofeng, Mr. Yang Yide, Mr. Guo Dingwen, Mr. Lin Yang and Mr. Shao Aiping; and the independent non-executive Directors are Mr. Huang Chun, Ms. Lin Suyan, Ms. Hou Meiwen, Mr. Li Wai Chung and Mr. Wang Yongyue.

* For identification purpose only