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Luzhou Xinglu Water (Group) Co., Ltd.*

瀘州市興瀘水務(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: 2281)

CHANGES IN ACCOUNTING ESTIMATES

The board of directors (the "**Board**") of Luzhou Xinglu Water (Group) Co., Ltd.* (the "**Company**") hereby announces that the Company intends to make changes to the accounting estimates.

I SUMMARY OF THE CHANGES IN ACCOUNTING ESTIMATES

1. Accounting estimates adopted before the changes

In accordance with the Accounting Standards for Business Enterprises No. 4 – Fixed Assets issued by the Ministry of Finance and past practical operating practices, the depreciation period for fixed assets such as the water supply facilities of the Company is 20 years. However, the actual useful life of these facilities has far exceeded such estimated period, therefore, the current depreciation period for fixed assets of the Company can no longer objectively and fairly reflect the actual usage of the assets.

2. Reasons for the changes and accounting estimates adopted after the changes

Since the water supply facilities constructed by the Company were put into operation, the relevant facilities have been operating smoothly and performing well. Pursuant to Article 19 of Accounting Standards for Business Enterprises No. 4 – Fixed Assets: "An enterprise shall review the useful life, estimated net residual value and depreciation method of its fixed assets at least at the end of each year. If there is a difference between the estimated useful life and the original estimate, the useful life of the fixed assets should be adjusted". Based on the objective assessment by the business and technical departments of the Company, and the actual lifespan and usage of pipeline network fixed assets, the current depreciation period of the Company can no longer accurately reflect the actual usage of the assets. In order to more objectively and fairly reflect the asset status and operating results of the Company, and to draw on the relevant depreciation policies of peer listed companies, the Company intends to change the accounting estimates for the depreciation period of fixed assets.

3. Consideration procedures

The Company convened the 27th meeting of the second session of the Board and the 10th meeting of the second session of the supervisory committee on 29 August 2025, which considered and approved the Resolution on the Changes in Accounting Estimates of Luzhou Xinglu Water (Group) Co., Ltd.* Regarding the Depreciation Period of Fixed Assets (《關於審議瀘州市興瀘水務(集團)股份有限公司固定資產折舊年限會計估計變更的議案》). Changes in accounting estimates do not need to be submitted to the general meeting of the Company for consideration.

II EFFECTS OF CHANGES IN ACCOUNTING ESTIMATES ON THE COMPANY

The Company adjusted the depreciation period of water supply pipeline network facilities from 20 years to 25 years, with effect from 1 August 2025. Changes in accounting estimates applied the prospective application method, without retrospective adjustment, and will not affect the previously disclosed financial reports of the Group. Based on calculations, changes in accounting estimates are expected to reduce the depreciation of fixed assets by approximately RMB8.9 million in 2025, and the net assets and net profit attributable to the Company's shareholders will increase by approximately RMB7.04 million. The impact of the aforementioned changes in accounting estimates on the depreciation of fixed assets, net assets and net profit in 2025 is only a preliminary assessment made by the Group based on currently available information, and has not yet been reviewed by the Company's auditor. The Company's auditor, ShineWing Certified Public Accountants LLP, will audit the Group's consolidated financial statements for 2025, which include changes in accounting estimates, during the 2025 financial statement audit.

III REVIEW OPINION

1. Opinion of the supervisory committee

The supervisory committee of the Company believes that the decision procedures on changes in accounting estimates comply with the requirements under the relevant laws and regulations, accounting standards and Articles of Associations, and without prejudice to the interests of the Company and its shareholders. The supervisory committee agrees on the changes in accounting estimates of the Company.

2. Consideration of the audit committee

The audit committee of the Board considered and approved such resolution and believed that the changes in accounting estimates comply with the law and regulation as well as the actual operating status of the Company without prejudice to the interests of the Company and all shareholders, especially the minority shareholders, and agreed to propose such resolution to the Board for consideration.

CAUTION STATEMENT

The Board hereby reminds the shareholders and investors of the Company that the above estimated financial data is based on a preliminary review by the Company's management according to currently available information and unaudited accounts of the Group. Such data has not been reviewed or audited by the auditor of the Company. The specific data should be subject to what will be disclosed in the annual results announcement for the year 2025 of the Company, which is expected to be published in March 2026. Shareholders and investors of the Company are cautioned not to unduly rely on such data.

By Order of the Board
Luzhou Xinglu Water (Group) Co., Ltd.*
Zhang Qi
Chairman

Luzhou, the PRC
29 August 2025

As at the date of this announcement, the Board comprises of (i) three executive directors, namely Mr. Zhang Qi, Mr. Chen Qinan and Mr. Xu Guanghua; (ii) three non-executive directors, namely Mr. Xu Fei, Ms. Zhang Guanghui and Ms. Hu Fenfen; and (iii) three independent non-executive directors, namely Ms. Ma Hua, Mr. Fu Ji and Mr. Liang Youguo.

* *For identification purposes only*