Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

BUSINESS UPDATE
ENTERING INTO THE COOPERATIVE AGREEMENT IN RESPECT OF XUYONG COUNTY URBAN AND RURAL WATER SUPPLY AND DRAINAGE INTEGRATION PROJECT

The Board is pleased to announce that on 20 March 2026 (after trading hours), Xuyong County Urban and Rural Water Development Group Co., Ltd. and the Company, after the conclusion of negotiations, entered into the Cooperative Agreement in respect of the Xuyong County Urban and Rural Water Supply and Drainage Integration Project.

This announcement is made by the Company to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

I. INTRODUCTION

The Board is pleased to announce that on 20 March 2026 (after trading hours), Xuyong County Urban and Rural Water Development Group Co., Ltd. and the Company, after the conclusion of negotiations, entered into the Cooperative Agreement in respect of the Xuyong County Urban and Rural Water Supply and Drainage Integration Project.

II. THE COOPERATIVE AGREEMENT

The principal terms of the Cooperative Agreement are set out below:

Date: 20 March 2026 (after trading hours)

Parties: (1) Xuyong County Urban and Rural Water Development Group Co., Ltd.; and

(2) the Company.

Principal terms: Pursuant to the Cooperative Agreement, Xuyong County Urban and Rural Water Development Group Co., Ltd. will contribute the assets of the tap water supply business in Xuyong County town and its subordinate townships, which are owned by its wholly-owned subsidiary Sichuan Xingxu, whilst Xinglu Wastewater Treatment, a non-wholly-owned subsidiary of the Company, will contribute the assets of the domestic wastewater treatment plants in Xuyong County town and the accounts receivable arising from the wastewater treatment at such wastewater treatment plants, respectively, to Xingxu Water as consideration for a capital increase (a separate capital increase agreement will be entered into, and the value of the relevant assets to be contributed for the capital increase will be determined following an assessment by an independent third-party institution).

Upon completion of the capital increase, Xingxu Water's registered capital will be increased to RMB171,666,700 with the Company and Xinglu Wastewater Treatment collectively holding 51% of its shares, and Sichuan Xingxu holding 49% of its shares. Xingxu Water will comprehensively operate the tap water supply and wastewater treatment businesses in Xuyong County town and its subordinate townships (including the wastewater treatment business in Xuyong County's townships and rural areas, which has been entrusted to Yongxing Water Governance by Xuyong County Wastewater Treatment for operation).

III. INFORMATION OF THE COOPERATIVE PROJECT

The Cooperative Project covers Xuyong County and all its subordinate townships, including the water supply services for (parts of) Xuyong County town and its subordinate townships currently operated by Sichuan Xingxu, the tap water supply services for (parts of) Xuyong County town operated by Xingxu Water, Phase I and II of the Xuyong County town wastewater treatment plant operated by Xinglu Wastewater Treatment, the 39 townships and rural wastewater treatment plants in Xuyong County entrusted to Yongxing Water Governance by Xuyong County Wastewater Treatment for operation, and the operation, maintenance and management of the wastewater treatment pipeline networks in Xuyong County and its subordinate townships.

IV. INFORMATION OF XUYONG COUNTY URBAN AND RURAL WATER DEVELOPMENT GROUP CO., LTD. AND THE GROUP

Xuyong County Urban and Rural Water Development Group Co., Ltd. is a limited liability company established on 28 May 2018 in Xuyong County, Sichuan Province, the PRC. It is principally engaged in the production and supply of tap water, construction works, hydropower generation, the collection and distribution of natural water, and the supervision of water conservancy projects. As at the date of this announcement, Xuyong County Comprehensive Financial Services Centre* holds 100% of its shares. Xuyong County Comprehensive Financial Services Centre* is an affiliated institution established under the Xuyong County People's Government and, pursuant to the authorisation of the Xuyong County People's Government, performs the duties of an investor in respect of the enterprises in which it has invested.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Xuyong County Urban and Rural Water Development Group Co., Ltd. and its ultimate beneficial owner is a third party independent of the Company and its connected person(s) (as defined under the Listing Rules).

The Group is mainly engaged in the provision of tap water supply and related installation and maintenance services and wastewater treatment and related infrastructure construction services.

V. REASONS AND BENEFITS FOR ENTERING INTO THE COOPERATIVE AGREEMENT

The integration of urban and rural water supply and drainage services at the county level is a national strategy aimed at ensuring the security of water supply for urban and rural residents and comprehensively protecting the ecological environment. The signing of the Cooperative Agreement represents the Company's proactive response to this national strategy. As the Cooperative Project will facilitate the expansion of the Group's operations to cover the entire county town of Xuyong and its subordinate townships, it aligns with the Group's strategy to expand business scale in order to achieve sustained and stable revenue growth. It will also enhance the Group's reputation, broaden customer base, and establish a benchmark for securing further projects in the future.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Cooperative Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of Directors of the Company
"Company"	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 with limited liability incorporated in the PRC, whose H Shares are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Cooperative Project"	the Xuyong County Urban and Rural Water Supply and Drainage Integration Cooperative Project
"Cooperative Agreement"	the cooperation agreement entered into between Xuyong County Urban and Rural Water Development Group Co., Ltd. and the Company on 20 March 2026 in respect of the Cooperative Project
"PRC"	the People's Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Sichuan Xingxu"	Sichuan Xingxu Water Industry Co., Ltd., a limited liability company established on 3 April 2019 in Xuyong County, Sichuan Province, the PRC, with 100% of its shares held by Xuyong County Urban and Rural Water Development Group Co., Ltd.

"Yongxing Water Governance"	Xuyong Yongxing Water Governance Co., Ltd., a limited liability company established in Xuyong County, Sichuan Province, the PRC, on 31 July 2019, with 55% of its shares held by Luzhou Fanxing Environmental Development Co., Ltd.*, a non-wholly owned subsidiary of the Company, and 45% held by Xuyong County Wastewater Treatment.
"Xuyong County Wastewater Treatment"	Xuyong County Wastewater Treatment Co., Ltd.*(敘永縣城污水處理有限責任公司), a limited liability company established in Xuyong County, Sichuan Province, the PRC, on 2 November 2009, with 100% of its shares held by Xuyong County Urban and Rural Water Development Group Co., Ltd..
"Xingxu Water"	Luzhou Xinglu Water (Group) Xingxu Water Co., Ltd., a limited liability company established in Xuyong County, Luzhou City, Sichuan Province, the PRC on 9 October 2018. As at the date of this announcement, the Company holds 60% of its shares, whilst Sichuan Xingxu holds the remaining 40%. Following the completion of capital increases by the relevant parties, it will act as the implementing entity for the Cooperative Project.
"RMB"	Renminbi, the lawful currency of the PRC
"Xinglu Wastewater Treatment"	Luzhou Xinglu Wastewater Treatment Co., Ltd.(瀘州市興瀘污水處理有限公司)*, a limited liability company established in the PRC on 11 December 2000 and a non-wholly owned subsidiary of the Company,

By order of the Board
Luzhou Xinglu Water (Group) Co., Ltd.*
Chen Qinan
Chairman

Luzhou, the PRC
20 March 2026

As at the date of this announcement, the Board comprises of (i) two executive Directors, namely 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*