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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)

CONTINUING CONNECTED TRANSACTIONS PROPERTY MANAGEMENT SERVICE CONTRACT

PROPERTY MANAGEMENT SERVICE CONTRACT

On 27 March 2026 (after trading hours), Xinghe Water Governance, a non-wholly owned subsidiary of the Company, entered into a property management service contract (the "**Service Contract**") with Xinglu Property Management, pursuant to which, Xinglu Property Management agreed to provide property management and other related services to Hejiang Wastewater Treatment Plant (the "**Hejiang Wastewater Treatment Plant**") of Xinghe Water Governance for a term of 29 months.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinglu Property Management is a wholly owned subsidiary of Xinglu Assets, the Controlling Shareholder of the Company. Accordingly, Xinglu Property Management is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Service Contract entered into between it and the Group constitute continuing connected transactions of the Company.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the Service Contract are required to be aggregated with other transactions contemplated under the Previous Service Contracts. As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Service Contract and the Previous Service Contracts, on an annual and aggregated basis, is more than 0.1% but less than 5%, and the absolute amount exceeds HK$3 million, the transactions contemplated under the Service Contract are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

I. BACKGROUND

On 27 March 2026 (after trading hours), Xinghe Water Governance, a non-wholly owned subsidiary of the Company, entered into a property management service contract with Xinglu Property Management, pursuant to which, Xinglu Property Management agreed to provide property management and other related services to Hejiang Wastewater Treatment Plant.

The principal terms of the Service Contract are set out below:

Date:	27 March 2026 (after trading hours)
Parties:	(1) Xinghe Water Governance; and (2) Xinglu Property Management.
Subject Matter:	Xinglu Property Management provides the following services to the Hejiang Wastewater Treatment Plant: (i) guarding and order maintenance of public areas, (ii) hygiene maintenance of public areas and periodic cleaning of the production areas, (iii) canteen services, and (iv) preparation for random inspections.
Term:	29 months, from 28 March 2026 to 27 August 2028.
Service Fee and Payment Term:	The service fee under the Service Contract shall be RMB1.2325 million (tax inclusive), which includes staff salaries and benefits, administrative expenses, landscaping costs, cleaning supply expenses, equipment maintenance expenses and taxes, and shall be paid by Xinghe Water Governance on a quarterly basis.
Pricing Policy:	The terms of the Service Contract were determined based on arm's length negotiation through a public tender process and with reference to the historical service fee rates of Xinglu Property Management provided to the Group, the market service fee rates, the staff salary level in Luzhou area and the market prices for similar services, as well as the normal commercial terms in the ordinary and usual course of business, and shall be no less favourable than those for provision of similar services by Independent Third Parties.

II. HISTORICAL FIGURES

The table below sets out the actual transaction amounts (i.e. management fees) paid by the Group to Xinglu Property Management for the three years ended 31 December 2023, 2024 and 2025:

	For the year ended 31 December		
	2023	**2024**	**2025**
	(RMB'0,000)	*(RMB'0,000)*	*(RMB'0,000)*
Actual transaction amounts	409.4	425.9	531.5

III. ANNUAL CAPS

When calculating the annual caps, we evenly distributed the transaction amounts under the Service Contract to calculate monthly transaction amounts, and thereby set out the annual caps for the years ended 31 December 2026 and 2027 and for the period ended 27 August 2028, and have combined these caps with the annual caps for the transactions contemplated under the Previous Service Contracts.

The table below sets out the annual caps for the transactions contemplated under the Previous Service Contracts and the aggregated annual caps for the years ended 31 December 2026 and 2027 and for the period ended 27 August 2028:

	For the year ended 31 December		For the period ended 27 August
Annual caps	**2026**	**2027**	**2028**
	(RMB'0,000)	*(RMB'0,000)*	*(RMB'0,000)*
Service Contract	39	51	34
Annual caps under the Previous Service Contracts	522	470	220
Aggregate annual caps	**561**	**521**	**254**

IV. INTERNAL CONTROL MEASURES FOR THE SERVICE CONTRACT

In order to ensure the terms of the Service Contract are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no more favorable than those offered by the Group to Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

(i) the legal department and finance department of the Company will closely monitor the transactions under the Service Contract to ensure that the transaction amounts will not exceed the annual caps for the Service Contract;

(ii) the legal department of the Company will conduct regular checks to review and assess whether the transactions contemplated under the Service Contract are conducted on normal commercial terms, in accordance with the terms set out in the Service Contract and whether the service fees and relevant contract terms are in the interest of the Company and the Shareholders as a whole;

(iii) the Company's external auditors will conduct an annual review of the transactions under the Service Contract to ensure that the transaction amounts are within the annual caps and the transactions are in accordance with the terms set out in the Service Contract; and

(iv) the Company's independent non-executive Directors will conduct regular reviews of the status of the transactions under the Service Contract to ensure that the Company has complied with its internal approval process, the terms of the Service Contract and the relevant requirements under the Listing Rules.

V. INFORMATION ABOUT XINGLU PROPERTY MANAGEMENT, XINGHE WATER GOVERNANCE AND THE GROUP

Xinglu Property Management is a limited liability company established in the PRC on 26 August 2005 and is a wholly owned subsidiary of Xinglu Assets, the Controlling Shareholder of the Company. Xinglu Property Management is primarily engaged in property management, parking lots management and domestic services. Luzhou City Xinglu Investment Group Co., Ltd.*(瀘州市興瀘投資集團有限公司), the ultimate beneficial owner of Xinglu Assets, is a limited liability company established in the PRC on 28 January 2003 and owned as to 90% by the State-owned Assets Supervision and Administration Commission of Luzhou(瀘州市國有資產監督管理委員會).

Xinghe Water Governance is a non-wholly owned subsidiary of the Company and is primarily engaged in the investment and construction of wastewater treatment facilities, operation and management, project consulting, professional training, environmental protection equipment manufacturing, sales, installation, repairment and maintenance and water environment management.

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.

VI. BENEFIT OF AND REASONS FOR ENTERING INTO THE SERVICE CONTRACT

Xinglu Property Management is specialized in property management and has been providing efficient property management services to the Group since April 2011. As a result of the long-term business relationship, Xinglu Property Management is familiar with the requirements and the specifications for the property management services required by the Group. The Directors are of the view that entering into the Service Contract is beneficial for the long-term business relationship with Xinglu Property Management.

The Directors (including the independent non-executive Directors) are of the view that the terms of transactions under the Service Contract 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 the Shareholders as a whole.

The Service Contract and the transactions contemplated thereunder have been considered and approved by the Board. None of the Directors has material interest in the Service Contract and the transactions contemplated thereunder and hence no Director had abstained from voting on the relevant resolutions of the Board approving the same.

VII. LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinglu Property Management is a wholly owned subsidiary of Xinglu Assets, the Controlling Shareholder of the Company. Accordingly, Xinglu Property Management is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Service Contract entered into between it and the Group constitute continuing connected transactions of the Company.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the Service Contract are required to be aggregated with other transactions contemplated under the Previous Service Contracts. As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Service Contract and the Previous Service Contracts, on an annual and aggregated basis, is more than 0.1% but less than 5%, and the absolute amount exceeds HK$3 million, the transactions contemplated under the Service Contract are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

VIII. DEFINITIONS

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

"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
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules, and in the context of this announcement, refers to the controlling shareholder of the Company, being Xinglu Assets
"Board"	the board of Directors of the Company
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"H Share(s)"	the ordinary share(s) in issue in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	person(s) or company(ies) which is(are) not a connected person(s) (as defined in the Listing Rules) of the Company
"Xinglu Property Management"	Luzhou Xinglu Property Management Co., Ltd.*(瀘州興瀘物業管理有限公司), a limited liability company established on 26 August 2005 and a wholly-owned subsidiary of the Company's Controlling Shareholder
"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 on 11 December 2000 and a non-wholly owned subsidiary of the Company
"Xinglu Assets"	Luzhou City Xinglu Assets Management Co., Ltd.*(瀘州市興瀘資產管理有限公司), the Controlling Shareholder of the Company, a limited liability company established in the PRC on 4 September 2014, and owned as to 100% by Luzhou City Xinglu Investment Group Co., Ltd.*(瀘州市興瀘投資集團有限公司), which is owned as to 90% by the State-owned Assets Supervision and Administration Commission of Luzhou(瀘州市國有資產監督管理委員會)

"Previous Service Contracts"	the property and cleaning service agreement entered into between Xinghe Water Governance and Xinglu Property Management on 27 March 2024, the canteen outsourcing service contract entered into between the Company and Xinglu Property Management on 29 August 2025, the property service contract entered into between Xinglu Wastewater Treatment and Xinglu Property Management on 29 August 2025, and the landscaping and cleaning service contract entered into between the Company and Xinglu Property Management on 31 October 2025
"Xinghe Water Governance"	Luzhou Xinghe Water Governance Co., Ltd.*(瀘州市興合水環境治理有限公司), a limited liability company established on 29 August 2018 and a non-wholly owned subsidiary of the Company
"Listing Rules"	the Listing Rules of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"PRC"	the People's Republic of China, for the purposes of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Luzhou, the PRC
27 March 2026

As at the date of this announcement, the Board consists 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*