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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)

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF JOINT VENTURE

ESTABLISHMENT OF JOINT VENTURE

On 12 November 2026 (after trading hours), Xinglu Water Engineering, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Joint Venture Partner in relation to the establishment of the Joint Venture. The Joint Venture is principally engaged in, among other things, the investment, operation and maintenance of piped direct drinking water projects, production and sales of piped direct drinking water equipment and secondary water supply equipment, and the provision of ancillary services.

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture will be RMB50,000,000. Xinglu Water Engineering and Shunyu Ecological will contribute RMB25,500,000 and RMB24,500,000 to the Joint Venture, representing 51% and 49% of the registered capital thereof, respectively.

Following the establishment of the Joint Venture, the Joint Venture will become an indirect non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transaction contemplated under the Joint Venture Agreement exceeds 5% but is less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but exempt from the circular and Shareholders' approval requirements.

I. INTRODUCTION

On 12 November 2026 (after trading hours), Xinglu Water Engineering, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Joint Venture Partner in relation to the establishment of the Joint Venture.

II. JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are set out below:

Date: 12 November 2026 (after trading hours)

Parties: (a) Xinglu Water Engineering; and

(b) Shunyu Ecological.

Business of the Joint Venture: The Joint Venture will be established as a limited liability company in Luzhou, the PRC in accordance with the laws of the PRC and the terms of the Joint Venture Agreement. The Joint Venture is principally engaged in the investment, operation and maintenance of piped direct drinking water projects, research and development, production and sales of piped direct drinking water equipment and secondary water supply equipment, and the provision of ancillary services; as well as the research, operation and maintenance of intelligent water and Internet of Things system software.

Duties of the Parties: Pursuant to the Joint Venture Agreement, Xinglu Water Engineering will be responsible for, among other things, providing the Joint Venture with support in business scenarios and industry resources; and Shunyu Ecological will, among other things, provide guidance and support for technical research and development and commercial operations.

Capital Structure: The registered capital of the Joint Venture will be RMB50,000,000. Xinglu Water Engineering and Shunyu Ecological will contribute RMB25,500,000 and RMB24,500,000 to the Joint Venture, representing 51% and 49% of the registered capital thereof, respectively.

Pursuant to the Joint Venture Agreement, the Parties shall, within 5 working days after the issuance of the business license of the Joint Venture contribute a total of RMB3,000,000 in cash in accordance with the agreed shareholding percentages; and shall, within 6 months after the issuance of the business license of the Joint Venture contribute in cash in proportion to the agreed shareholding percentages such that the aggregate paid-up contributions shall reach 50% of the registered capital; the Parties shall also fully pay their respective remaining capital contributions in cash no later than 31 October 2031. The capital contribution of Xinglu Water Engineering will be funded by the internal resources of the Group.

The registered capital of the Joint Venture and the respective capital contributions of the Parties were determined after arm's-length negotiations between the Parties, taking into account a number of factors, including the business nature, working capital requirements, and future development plans of the Joint Venture.

Following the establishment of the Joint Venture, the Joint Venture will become an indirect non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

Corporate Structure: The general meeting of the Joint Venture shall consist of the Parties. Each shareholder shall exercise its voting rights in proportion to its shareholding, and the Joint Venture Agreement contains standard provisions regarding the rights and obligations of the shareholders.

The board of directors of the Joint Venture will consist of five directors. Xinglu Water Engineering shall be entitled to nominate three directors (including the chairman of the Joint Venture), and Shunyu Ecological shall be entitled to nominate two directors. All directors of the Joint Venture shall be appointed subject to the approval of the general meeting. Shunyu Ecological shall nominate the general manager of the Joint Venture, while Xinglu Water Engineering shall nominate the deputy general manager of the Joint Venture. Both the general manager and deputy general manager of the Joint Venture shall be appointed subject to the approval of its board of directors.

Equity Transfer: The equity transfer by the shareholders of the Joint Venture will be conducted in accordance with the laws of the PRC and the terms of the Joint Venture Agreement.

Profit Distribution: The Parties shall be entitled to receive dividend distributions in proportion to their respective paid-up capital contributions to the registered capital of Joint Venture.

III. INFORMATION ABOUT THE PARTIES AND THE GROUP

Shunyu Ecological is principally engaged in the business of water pollution control, environmental protection technology consulting, water environment project operations, construction of municipal environmental protection engineering, direct drinking water, etc. Shunyu Ecological is a wholly-owned subsidiary of Anhui Shunyu Water Co., Ltd. ("**Shunyu Shares**"). Shunyu Shares is a joint stock company with limited liability incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 301519), principally engaged in providing overall solutions and comprehensive services for secondary water supply, wastewater treatment, and intelligent water, and is a national high-tech enterprise. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both Shunyu Ecological and its ultimate beneficial owner(s) are Independent Third Parties.

Xinglu Water Engineering is principally engaged in the business of water engineering design and construction, production and sales of piped direct drinking water, water meter verification, pipe network leakage control and engineering labor services, etc., and is a wholly-owned subsidiary of the Company.

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

IV. REASONS FOR AND BENEFITS OF ESTABLISHING THE JOINT VENTURE

The Group is closely monitoring the development opportunities in the quality-based water supply market, and the establishment of Joint Venture to conduct the piped direct drinking water business aligns with the development strategy of the Group. Leveraging the expertise of the Parties to achieve complementary advantages, resource integration and synergies will enrich the Group's business segments and foster new revenue growth drivers.

The Directors (including the independent non-executive Directors) are of the view that establishing the Joint Venture and the terms of the Joint Venture 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 the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transaction contemplated under the Joint Venture Agreement exceeds 5% but is less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but exempt from the circular and Shareholders' approval requirements.

VI. 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
"Xinglu Water Engineering"	Luzhou Xinglu Water Engineering Co., Ltd.*(瀘州市興瀘水務工程有限公司), a company with limited liability incorporated in the PRC, and a wholly-owned subsidiary of the Company
"Board"	the board of Directors of the Company
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Shunyu Ecological"	Anhui Shunyu Ecological Technology Co., Ltd.*(安徽舜禹生態科技有限公司), a company with limited liability incorporated in the PRC
"Joint Venture Agreement"	the joint venture agreement dated 12 November 2026 entered into between the Parties to establish the Joint Venture
"Joint Venture"	a limited liability company to be established in accordance with the laws of the PRC pursuant to the terms of the Joint Venture Agreement
"Joint Venture Partner"	Shunyu Ecological
"Parties"	Parties to the Joint Venture Agreement, namely Xinglu Water Engineering and Shunyu Ecological
"Independent Third Parties"	third parties independent of the Company and its connected person(s) and having no connection with any of them, have the meaning ascribed thereto under the Listing Rules
"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
"%"	per cent

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

Luzhou, the PRC
12 November 2026

As at the date of this announcement, the Board comprises (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*