湖州燃氣股份有限公司
Huzhou Gas Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6661)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue for the Period was RMB1,090.4 million, representing a decrease of 8.52% as compared with the corresponding period in 2024.
- Gross profit for the Period was RMB139.0 million, representing a decrease of 8.13% as compared with the corresponding period in 2024.
- Profit attributable to owners of the Group for the Period was RMB52.5 million, representing a decrease of 10.41% as compared with the corresponding period in 2024.
- Basic earnings per share during the Period amounted to RMB0.26, as compared with RMB0.29 in the corresponding period in 2024.

The board (the "**Board**") of directors (the "**Directors**") of Huzhou Gas Co., Ltd.* (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2025 (the "**Reporting Period**" or the "**Period**"), together with comparative figures for the corresponding period in 2024 as follows:

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2025

	Notes	For the six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
REVENUE	*4*	**1,090,375**	1,192,008
Cost of sales		**(951,339)**	(1,040,720)
GROSS PROFIT		**139,036**	151,288
Other income and gains	*5*	**11,663**	14,017
Selling and distribution expenses		**(17,104)**	(15,748)
Administrative expenses		**(21,388)**	(23,216)
Impairment losses on financial assets		**(304)**	(2,849)
Other expenses		**(5,618)**	(6,052)
Finance costs		**(1,063)**	(1,596)
Share of profits and losses of:			
Joint ventures		**199**	50
PROFIT BEFORE TAX	*6*	**105,421**	115,894
Income tax expense	*7*	**(23,061)**	(27,172)
PROFIT FOR THE PERIOD		**82,360**	88,722
Attributable to:			
Owners of the parent		**52,467**	58,562
Non-controlling interests		**29,893**	30,160
		82,360	88,722
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period *(RMB)*	*9*	**0.26**	0.29

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**82,360**	88,722
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Fair value reserve of financial assets at fair value through other comprehensive income:		
Initial recognition of bills receivable as settlement of trade receivables	**(8)**	(1)
Changes in fair value	**–**	34
Income tax effect	**2**	(8)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(6)**	25
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(6)**	25
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**82,354**	88,747
Total comprehensive income attributable to:		
Owners of the parent	**52,461**	58,587
Non-controlling interests	**29,893**	30,160
	82,354	88,747

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

	Notes	**30 June 2025 (Unaudited)** ***RMB'000***	31 December 2024 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Lease receivables		**4,507**	3,697
Property, plant and equipment	*10*	**1,082,002**	1,045,193
Investment properties		**233**	244
Right-of-use assets		**74,203**	72,774
Goodwill		**28,506**	28,506
Other intangible assets		**65,700**	69,427
Investments in joint ventures		**12,184**	11,986
Deferred tax assets		**17,124**	10,080
Total non-current assets		**1,284,459**	1,241,907
CURRENT ASSETS			
Inventories		**15,204**	14,868
Lease receivables		**516**	1,360
Trade and bills receivables	*11*	**47,284**	54,466
Prepayments, other receivables and other assets		**26,408**	30,253
Due from related parties		**4,946**	8,497
Pledged deposits	*12*	**20**	20
Time deposits		**574,118**	30,000
Cash and cash equivalents		**296,618**	828,524
Total current assets		**965,114**	967,988

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	13	**108,062**	127,743
Other payables and accruals		**221,647**	147,837
Contract liabilities		**270,974**	262,964
Interest-bearing bank borrowings	14	**800**	300
Due to related parties		**23,074**	35,938
Tax payables		**25,569**	31,454
Lease liabilities		**1,369**	1,021
Total current liabilities		**651,495**	607,257
NET CURRENT ASSETS		**313,619**	360,731
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,598,078**	1,602,638
NON-CURRENT LIABILITIES			
Contract liabilities		**83,794**	105,537
Deferred tax liabilities		**19,090**	21,652
Deferred income		**109,320**	71,505
Other non-current liabilities		**31,468**	30,367
Interest-bearing bank borrowings	14	**22,300**	14,550
Lease liabilities		**25,555**	23,810
Total non-current liabilities		**291,527**	267,421
Net assets		**1,306,551**	1,335,217
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	**202,715**	202,715
Other reserves		**1,027,080**	1,035,433
		1,229,795	1,238,148
Non-controlling interests		**76,756**	97,069
Total equity		**1,306,551**	1,335,217

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2025

1. CORPORATE INFORMATION

Huzhou Gas Co., Ltd. is a joint stock company with limited liability established in the People's Republic of China (the "**PRC**"). The registered office of the Company is located at No. 227, Sizhong Road, Wuxing District, Huzhou, Zhejiang Province, China.

During the six months ended 30 June 2025, the Group was involved in the following principal activities:

– the sale of gas, mainly piped natural gas ("**PNG**") (under the concessions) and liquefied natural gas ("**LNG**") in Huzhou;

– the provision of construction and installation services to construct and install end-user pipeline network and gas facilities for customers such as property developers and owners or occupants of residential and non-residential properties; and

– other activities, including the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties in Mainland China.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 July 2022.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting* ("**IAS 34**"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21	*Lack of Exchangeability*

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group has only one reportable operating segment which engages in (i) sale of gas, mainly PNG (under the concessions) and LNG in Huzhou; (ii) provision of construction and installation services; and (iii) other activities, including the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**1,090,375**	1,192,008

The revenue information above is based on the locations of the customers.

Seasonality of operations

The principal business activities of the Group include the distribution and sale of PNG and LNG, sale of energy and provision of construction and installation services. Historically, higher sales revenue is usually expected during the winter months due to higher gas consumption for heating. This information is provided only to allow for a better understanding of the results. Management has concluded that the Group's business is not "highly seasonal" in accordance with IAS 34.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of gas, energy and other goods	**996,977**	1,087,845
Provision of construction and installation services	**80,794**	95,727
Distributed photovoltaic power	**10,512**	6,022
Others	**3,690**	4,504
Revenue from other sources		
Gross rental income	**103**	214
	1,092,076	1,194,312
Less: Government surcharges	**(1,701)**	(2,304)
Total	**1,090,375**	1,192,008
Revenue from contracts with customers		
Types of goods or services		
Sale of PNG	**945,717**	1,038,300
Sale of LNG	**22,516**	32,282
Sale of household gas appliances and relevant equipment	**14,395**	10,608
Sale of energy	**14,349**	6,655
Provision of construction and installation services	**80,794**	95,727
Sale of distributed photovoltaic power	**10,512**	6,022
Others	**3,690**	4,504
	1,091,973	1,194,098
Less: Government surcharges	**(1,701)**	(2,304)
Total	**1,090,272**	1,191,794

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods or services transferred at a point in time	**1,011,179**	1,098,371
Services transferred over time	**80,794**	95,727
	1,091,973	1,194,098
Less: Government surcharges	**(1,701)**	(2,304)
Total	**1,090,272**	1,191,794

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**3,344**	12,915
Bank time deposit interest income	**4,118**	–
Finance income on the net investment in a lease	**365**	370
Government grants	**2,577**	589
Others	**212**	109
	10,616	13,983
Other gains		
Gain on disposal of property, plant and equipment	**–**	34
Fair value gains on wealth management products	**1,047**	–
	1,047	34
Total	**11,663**	14,017

6. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold		**912,143**	990,580
Cost of services provided		**39,196**	50,140
Depreciation of property, plant and equipment	*10*	**35,311**	30,311
Depreciation of investment properties		**11**	23
Depreciation of right-of-use assets		**1,503**	1,197
Amortisation of other intangible assets		**3,727**	3,724
Impairment of financial assets, net:			
Impairment of trade receivables		**545**	2,832
Impairment of financial assets included in prepayments, other receivables and other assets		**(241)**	17
		304	2,849
Bank interest income	*5*	**(3,344)**	(12,915)
Bank time deposit interest income	*5*	**(4,118)**	–
Fair value gains on wealth management products	*5*	**(1,047)**	–
Interest expenses on lease liabilities		**666**	486
Loss/(gain) on disposal of items of property, plant and equipment		**31**	(34)
Write-down of inventories to net realisable value		**(98)**	55

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The provision for current income tax in Mainland China is calculated based on the statutory rate of 25% (2024: 25%) of the assessable profits of the 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 (the "**New Corporate Income Tax Law**"), except for five certain subsidiaries of the Group in Mainland China that carried out production and operation of distributed photovoltaic power, which are subject to a preferential rate as below, and a subsidiary of the Group in Mainland China that is a High-Tech Enterprise, which is subject to a preferential rate of 15%.

In accordance with the relevant provisions of the *Notice on the Implementation of the Catalogue of Enterprise Income Tax Preferences for Public Infrastructure Projects* issued by the Ministry of Finance and the State Administration of Taxation, the subsidiaries of the Company, namely Huzhou Huran New Energy Development Co., Ltd. ("**Huran New Energy**"), Deqing Xinrui New Energy Co., Ltd. ("**Deqing Xinrui**"), Nanxun Xinao Gas Development Co., Ltd. ("**Nanxun Xinao Development**"), Huzhou Huxun Fuel New Energy Development Co., Ltd. ("**Huxun Fuel New Energy**") and Huzhou Huqingran New Energy Development Co., Ltd. ("**Huqingran New Energy**") enjoy the preferential policy of enterprise income tax. For enterprises engaged in public infrastructure projects that meet the relevant conditions and technical standards and the relevant provisions of the state investment management in the *Catalogue of Preferential Enterprise Income Tax for Public Infrastructure Projects* approved on 1 January 2008, their income from investment and operation will be exempted from enterprise income tax for three years from the year in which production and operation income is first generated, and the enterprise income tax will be reduced by half for three years thereafter. 2022 was the tax year in which the production and operation income of distributed photovoltaic power was first generated by Huran New Energy, Deqing Xinrui and Nanxun Xinao Development, therefore the income tax of Huran New Energy, Deqing Xinrui and Nanxun Xinao Development is exempted from 2022 to 2024 and the applicable tax rate will be reduced by half from 2025 to 2027. 2023 was the tax year in which the production and operation income of distributed photovoltaic power was first generated by Huxun Fuel New Energy, therefore the income tax of Huxun Fuel New Energy is exempted from 2023 to 2025 and the applicable tax rate will be reduced by half from 2026 to 2028. 2024 was the tax year in which the production and operation income of distributed photovoltaic power was first generated by Huqingran New Energy, therefore the income tax of Huqingran New Energy is exempted from 2024 to 2026 and the applicable tax rate will be reduced by half from 2027 to 2029.

In accordance with the relevant provisions of the *Measures for the Administration of the Recognition of High-Tech Enterprises* issued by the Ministry of Finance and the State Taxation Administration, Huzhou Xinao Gas Development Co., Ltd. ("**Xinao Development**"), a subsidiary of the Group, was recognised as a High-Tech Enterprise in 2024. As a result, Xinao Development was subject to a preferential corporate income tax rate of 15% in 2025.

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Income tax:		
Current tax	**32,665**	29,419
Deferred tax	**(9,604)**	(2,247)
Total tax charge for the period	**23,061**	27,172

8. DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends declared by the Company		
– RMB0.30 (2024: RMB0.30) per ordinary share	**60,814**	60,814
Proposed interim	**–**	–

The Board of Directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the period.

The Company did not have any potential dilutive ordinary shares outstanding during the reporting period.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**52,467**	58,562
	Number of shares	
	30 June 2025	30 June 2024
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	**202,714,500**	202,714,500
Earnings per share		
Basic *(RMB)*	**25.9 cents**	28.9 cents

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying value at beginning of period/year	**1,045,193**	1,006,754
Addition	**82,140**	185,708
Transferred from investment properties	**–**	840
Depreciation charge for the period/year	**(35,311)**	(64,037)
Disposals	**(10,020)**	(84,072)
Carrying value at end of period/year	**1,082,002**	1,045,193

11. TRADE AND BILLS RECEIVABLES

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**39,878**	43,833
Impairment	**(6,733)**	(6,188)
	33,145	37,645
Bills receivable	**14,139**	16,821
Total	**47,284**	54,466

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**44,849**	52,490
3 months to 6 months	**2,240**	1,634
6 months to 1 year	**195**	342
Total	**47,284**	54,466

12. PLEDGED DEPOSITS

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
ETC deposits	**20**	20

13. TRADE AND BILLS PAYABLES

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

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Within 1 year	**101,061**	123,566
Over 1 year	**7,001**	4,177
Total	**108,062**	127,743

14. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate	**Maturity**	**30 June 2025** *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Current				
Bank loans – secured	Loan Prime Rate-40bp	2025-2026	**800**	300
Non-current				
Bank loans – secured	Loan Prime Rate-40bp	2026-2036	**22,300**	14,550
Total			**23,100**	14,850
Analysed into:				
Bank loans repayable:				
Within one year or on demand			**800**	300
In the second year			**1,000**	500
In the third to fifth years, inclusive			**4,650**	2,700
Beyond five years			**16,650**	11,350
Total			**23,100**	14,850

The Group's bank loans are secured by the pledge of future photovoltaic income of six photovoltaic projects of a subsidiary of the Company.

15. SHARE CAPITAL

	Number of shares	**Nominal value** *RMB'000*
Ordinary shares as at:		
31 December 2024 (audited)	202,714,500	202,715
30 June 2025 (unaudited)	**202,714,500**	**202,715**

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2025, China's economy continued its recovery and maintained a positive trend. According to the data of the National Bureau of Statistics, China's economy achieved a growth rate of 5.3% in the first half of 2025, laying a solid foundation for achieving the full-year growth target of around 5%. Faced with the complex and ever-changing domestic and international situation, according to the latest natural gas operation bulletin data released by the National Development and Reform Commission ("NDRC"), the national apparent consumption of natural gas in the first half of this year was 211.97 billion m^3, representing a year-on-year decrease of 0.9%.

The Central Urban Work Conference held in July elevated "building safe and resilient cities" for the first time to one of the six major goals of modern people-oriented cities, alongside "innovation, livability, beauty, civilization, and smartness". Resilient cities emphasize the importance of basic safety infrastructure. The conference listed "renovation and upgrading of old pipelines" as a key focus of safety governance, shifting the focus of urban work from "incremental expansion" to improving the quality and efficiency of existing assets. Beautiful cities require a deepened green and low-carbon transformation. Under the coordinated promotion of the "double carbon" goal, urban renewal, and energy security, natural gas plays an important role in supporting the development of renewable energy, further strengthening its position as a "transition pillar energy".

This year, the NDRC issued the Guiding Opinions on Improving the Pricing Mechanism for Intra-provincial Natural Gas Pipeline Transportation (《關於完善省內天然氣管道運輸價格機制的指導意見》), promoting a transition from "one line, one price" to a unified provincial pricing for pipeline transportation. The policy calls for the compression of supply chain links and the reduction of layered price increases, effectively supporting the development of urban gas companies. The Group believes that, relying on regional economic vitality and policy support, future growth in natural gas demand will be further driven.

DEVELOPMENT STRATEGY AND OUTLOOK

Amidst the evolving landscape, the Group focuses on precise development positioning and a clear reform path, with the three major tasks of "safety, development, and reform" as the anchor points. Driven by technological innovation, it is accelerating the construction of a clean, low-carbon, safe, and efficient new energy system, and exploring a high-quality industrial development path.

The Group actively explores access to high-quality gas sources, leverages the volume-price policies of multiple resource suppliers, and dynamically adjusts resource extraction volumes to minimize procurement costs and effectively address resource shortages. At the same time, it strengthens energy operation and maintenance management, advances the construction of the "Smart Cloud" platform's digital ecosystem, implements intelligent and unmanned upgrades at gate stations, pilots pipeline inspection robots, and promotes unified energy efficiency management and centralized operations, enabling the strategic upgrade of comprehensive energy services. The Group also explores the "self-consumption of self-generated electricity and surplus electricity fed into the grid" model, improves energy efficiency through the complementary use of "gas, electricity, and heat", and strives to advance energy conservation and emissions reduction, contributing to the achievement of carbon peak and carbon neutrality goals.

In recent years, the state has successively introduced policies aimed at boosting overall consumer demand and supporting the development of the local renovation industry through the "old-for-new" policy. Taking advantage of this, the Group's value-added services have seized market opportunities by upgrading business halls and rapidly deploying kitchen renovation services, thereby consolidating and strengthening the business foundation. Subsidy policies and measures to promote the "renewal" of home decoration and kitchen and bathroom facilities have brought a new round of opportunities for the development of value-added services.

BUSINESS REVIEW

The year 2025 is a crucial year for further comprehensively deepening reforms and also the concluding year of the "14th Five-Year Plan". In the first half of 2025, the Group has diligently implemented the new energy security strategy while aligning with the "double carbon" goal. We have further improved the coordinated development system of the "gas + clean energy" dual core businesses, driving all operations toward high-quality development.

The Group places high importance on production safety, strengthening the identification of safety hazards and safety drills. This year, it achieved dynamic zeroing of first-level safety hazards among commercial and industrial users within its jurisdiction. It accelerated digital transformation and upgrading, established a Smart Research Institute. Building on its solid foundation in the field of smart gas, it released the first provincial-level smart gas report in the country, securing first-mover advantage in this transformative industry landscape.

As at the end of the Reporting Period, the number of residential users and industrial and commercial users served by the Group amounted to 327,400 and 3,805, respectively, with a gas sales volume of 282.0 million m^3, representing a decrease of 5.22% as compared with the corresponding period of previous year.

As at the end of the Reporting Period, the Group was the largest PNG distributor in Huzhou City, Zhejiang Province, the PRC, and the length of the natural gas pipeline network operated within the operating areas of the Group in Huzhou was approximately 1,734.66 kilometers.

FINANCIAL OVERVIEW

Revenue

The Group's revenue for the Period was RMB1,090.4 million, representing a decrease of 8.52% as compared with RMB1,192.0 million in the corresponding period of previous year. The decrease in revenue was mainly arising from the decrease in sales of PNG and the reduction in natural gas sales prices for non-residential households during the Reporting Period.

Gross Profit

The Group's gross profit for the Period was RMB139.0 million, representing a decrease of 8.13% as compared with RMB151.3 million in the corresponding period of previous year. It was mainly due to the decrease in the gas sales volume and the reduction in natural gas sales prices for non-residential households during the Reporting Period.

Other Income and Gains

The Group's other income and gains for the Period were RMB11.7 million, representing a decrease of 16.43% as compared with RMB14.0 million in the corresponding period of previous year. It was mainly due to the decrease in the interest income during the Reporting Period.

Finance Costs

The Group's finance costs for the Period were RMB1.1 million, representing a decrease of 31.25% as compared with RMB1.6 million in the corresponding period of previous year. It was mainly due to the decrease in interest expenses arising from the decrease in bank borrowings during the Reporting Period.

Income Tax Expense

The Group's income tax expense for the Period decreased by 15.07% to RMB23.1 million from RMB27.2 million in the corresponding period of previous year. The effective tax rate for the Period was 21.92% (the corresponding period of previous year: 23.47%). The decrease in income tax expense and the decrease in effective tax rate were due to the preferential tax rates enjoyed by certain companies within the Group and the tax policy on an increase in the proportion of the additional deduction for research and development expenses. In addition, Xinao Development, a subsidiary of the Group, was recognized as a High-Tech Enterprise in December 2024, and was subject to the tax rate applicable to High-Tech Enterprises which was levied at a reduced rate of 15%.

Profit attributable to Owners of the Parent

Profit attributable to owners of the parent for the Period was RMB52.5 million, representing a decrease of 10.41% as compared with RMB58.6 million in the corresponding period of previous year. It was mainly due to the decrease in the gross profit from sale of PNG as a result of the decrease in the gas sales volume of PNG and the reduction in natural gas sales prices for non-residential households during the Period, resulting in the decrease in the profit attributable to owners of the parent as compared with the corresponding period of previous year.

Liquidity and Financial Position

As at 30 June 2025, the current assets of the Group amounted to RMB965.1 million (31 December 2024: RMB968.0 million), of which cash and bank balance was equivalent to RMB296.6 million.

As at 30 June 2025, the current ratio (current assets/current liabilities) of the Group was 1.48 (31 December 2024: 1.59) and the asset-liability ratio (total liabilities/total assets) was 41.92% (31 December 2024: 39.58%). As at 30 June 2025, the unutilised bank credit balance was RMB266.2 million. The Group issued a letter of guarantee of RMB30.0 million by using the banking facilities for the performance bond required to be paid to National Oil and Gas Pipeline Network Group Co., Ltd.* (國家石油天然氣管網集團有限公司) under the Agreement on the Access of New Download Point Off-load Facilities of Natural Gas Infrastructure (《天然氣基礎設施新增下載點分輸設施接入協議》) entered into by Huzhou Nanxun Xinao Gas Company Limited* (湖州南潯新奧燃氣有限公司), a subsidiary of the Company, and National Pipeline Network Group Sichuan to East Natural Gas Pipeline Co., Ltd.* (國家管網集團川氣東送天然氣管道有限公司), and the term of the letter of guarantee was from 1 September 2022 to 30 June 2027. The Group obtained a bank loan of RMB14.8 million by using the banking facilities, all denominated in RMB and bearing interest at LPR – 40bps, and the loan term was from 28 February 2024 to 27 February 2036; The Group obtained a bank loan of RMB8.4 million by using the banking facilities, all denominated in RMB and bearing interest at LPR – 40bps, and the loan term was from 1 January 2025 to 17 July 2035. The aforesaid two batches of loans were used for the expansion of the photovoltaic business of Huzhou Huran New Energy Development Co., Ltd.* (湖州湖燃新能源開發有限公司), a subsidiary of the Company.

The gearing ratio of the Group was approximately 3.83% as at 30 June 2025 (as at 31 December 2024: 2.97%). The ratio was calculated by dividing total debt by the total equity of the Group. Total debt includes bank borrowings and lease liabilities. As at 30 June 2025, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, substantially all of its revenue and expenses are denominated in RMB. The foreign exchange risks the Group faces are mainly related to cash and cash equivalents (mainly denominated in Hong Kong dollars), mainly the out-of-pocket expenses such as the payment of dividends and various future service fees to professional institutions, which have no significant exchange rate risk. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate countermeasures when necessary.

Contingent Liabilities

As at 30 June 2025, the Group had no material contingent liabilities.

Financial Guarantee Obligations

As at 30 June 2025, the Group had no material financial guarantee obligations.

Pledge of Assets

As at 30 June 2025, the Group had no pledge of assets.

Significant Investments Held, Material Acquisitions or Disposals, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, or material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Reporting Period, and the Company does not have any future plan for material investments or capital assets as at the date of this announcement.

Human Resources and Employee Compensation

As at 30 June 2025, the Group employed a total of 452 employees in China (30 June 2024: 438).

During the Period, the total employee costs of the Group were approximately RMB54.6 million. The Group further strengthened the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management, management personnel at various positions, professional technical personnel and service personnel, and by distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provided employees with competitive remuneration packages, which is generally structured with reference to market terms and individual merits and reviewed by the management on a regular basis, so as to encourage them to work hard and show their talents when serving customers.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period and up to the date of this announcement.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

USE OF NET PROCEEDS FROM LISTING

The H shares of the Company (the "**H Share(s)**") were officially listed on the Stock Exchange on 13 July 2022. The net proceeds from the global offering of the H Shares (the "**Global Offering**") (including proceeds from the additional H Shares issued and allotted pursuant to the exercise of the over-allotment option, and after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and exercise of the over-allotment option) were approximately HK$276.3 million (equivalent to RMB236.9 million) (the "**Net Proceeds**"). The Company has utilised and will utilise the Net Proceeds in accordance with the proportion of use allocation as stated under the section headed "**Future Plans and Use of Proceeds**" in the prospectus. As at 30 June 2025, the details of the use of the above Net Proceeds were as follows:

Designated use of Net Proceeds	% of Net Proceeds from the Global Offering	Net Proceeds from the Global Offering and use of proceeds			Expected to be utilised prior to the following date
		Amount allocated *(RMB'000)*	Utilised *(RMB'000)*	Unutilised *(RMB'000)*	
Enhance the sales volume of PNG by upgrading our pipeline network and operational facilities	20%	47,400	47,400	0	
Expand our business to other geographical areas through strategic acquisition	30%	71,000	0	71,000	By the end of 2026
Expand into distributed photovoltaic power generation business	30%	71,000	71,000	0	
Promote the use of heat energy from vapour generated by our natural gas through natural gas boilers	10%	23,800	7,759	16,041	By the end of 2026
Working capital and general corporate purposes	10%	23,700	23,700	0	
Total	100%	236,900	149,859	87,041	

As at the date of this announcement, the unutilised Net Proceeds were deposited in an interest-bearing account with a licensed bank.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed securities during the Reporting Period (including sales of treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"))). As at the end of the Reporting Period, there were no treasury shares held by the Company or its subsidiaries.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard its shareholders' interests and enhance the Company's corporate value, accountability and transparency.

The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. The Company has complied with all the code provisions set out in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding dealings in the Company's securities by the Directors and supervisors (the "**Supervisors**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Code of Conduct**").

Having made specific enquiries to all Directors and Supervisors, they have confirmed that all of them have complied with the Code of Conduct during the Reporting Period.

The Code of Conduct also applies to employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Code of Conduct by the employees was noted by the Company during the Reporting Period.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee (the "**Audit Committee**") comprising three independent non-executive Directors was established by the Company with its terms of reference in compliance with the requirements under the CG Code.

The Audit Committee has reviewed, together with the Company's management and external auditors, Ernst & Young, the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period, and is of the opinion that the preparation of such interim results has complied with the applicable accounting standards and requirements and that adequate disclosures have been made and has no disagreement with the accounting treatment adopted.

PUBLICATION OF INTERIM RESULTS AND 2025 INTERIM REPORT

This announcement is available at the websites of the Company (www.hzrqgf.com) and the Stock Exchange (https://www.hkexnews.hk). The interim report of the Company during the Reporting Period will be published on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules in due course, and will be dispatched to shareholders of the Company in hard copy upon request.

By order of the Board
Huzhou Gas Co., Ltd.*
Wang Hua
Chairman

Huzhou City, Zhejiang Province, the PRC
22 August 2025

As at the date of this announcement, the Board comprises Mr. Wang Hua, Mr. Wang Tao and Ms. Sun Xiaohui as executive Directors; Mr. Gong Luojian and Mr. Wang Peng as non-executive Directors; and Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Mr. Zhou Xinfa as independent non-executive Directors.

* *For identification purposes only*