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湖州燃气
HUZHOU GAS

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: 06661)

CONNECTED TRANSACTION
THE ACQUISITION OF A PROPERTY

INTRODUCTION

The Board is pleased to announce that on 25 February 2026, the Company entered into the Property Sale and Purchase Contract with Ruxin Construction. Pursuant to the Property Sale and Purchase Contract, the Company agreed to acquire and Ruxin Construction agreed to sell the Property for a consideration of RMB42,750,000.

PROPERTY SALE AND PURCHASE CONTRACT

The principal terms of the Property Sale and Purchase Contract are as follows:

Date	25 February 2026
Parties	1. The Company (as the Purchaser); and 2. Ruxin Construction (as the Vendor, being an associate of a connected person of the Company)

Consideration and its Determination Basis	The consideration of the Property is RMB42,750,000. The consideration was determined by parties after arm's length negotiation based on general commercial terms, having taken into account the Valuation Report prepared by an independent professional valuer. According to the Valuation Report, based on the valuation benchmark date of 10 December, 2025 and assessed using the comparison method and the income method, the fair value of the Property is RMB42,809,156 (the "**Valuation**"). Based on the information provided by Ruxin Construction, (i) the original acquisition cost of the Property is not applicable as the Project was developed by Ruxin Construction, and the original acquisition cost of the relevant land use rights for the plot on which the Project (including the building where the Property is located, totaling 12 buildings; the total floor area is 544,785.42 square meters, of which the floor area of the Property is 3,265.88 square meters) is located was approximately RMB242 million; and (ii) as at the date of this announcement, the Property was in bare shell condition and had not generated any rental income since the establishment of the Project. As at 31 December, 2025, the book value of the Project (including the building where the Property is located, totaling 12 buildings; the total floor area is 544,785.42 square meters, of which the floor area of the Property is 3,265.88 square meters) was RMB2.673 billion.
Payment Terms	The Company will make a one-time payment of the full consideration for the Property to Ruxin Construction by 15 April, 2026. The Company intends to pay the consideration through its internal resources.

The Valuation

The details of the Valuation are subject to the complete Valuation Report. The following is a summary of the Valuation Report for reference only:

(I) Valuation Methodology: Comparison Method

Comparison method is to select a certain number of comparable cases, and compare them with the appraisal object; according to the differences thereof, process the transaction prices of comparable cases to calculate the value or price of the appraisal object.

Through market research and inquiries with the competent authorities, the Valuer collected several real estate market transaction cases related to the appraisal object. Based on the principle of substitution, and following the requirements of same purpose, similar location, same price type, similar valuation date and normal transaction conditions, comparables were selected as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Total price (RMB'0,000/unit)	500	78	1000
Transaction date	November 2024	July 2025	April 2025
Transaction price (RMB/m^2)	16,667	14,634	12,368
Area (m^2)	300	53.3	808.52
Usage	Office	Office	Office
Floor	20	22	9
Decoration	Simple	Full	Full

Based on the specific circumstances of the Property, factors influencing its price include transaction conditions, transaction date, location status, rights status, and physical condition. Among these, location status encompasses position, infrastructure condition, public facilities, transportation condition, and natural and cultural environment; rights status includes plot ratio and year of construction; physical condition includes floor area and floor level. Based on the average of the transaction prices of the comparables after adjustments using various coefficients, the Valuer estimated the appraised value of the Property to be RMB14,568 per square meter.

(II) Valuation Methodology: Income Method

Income method is an approach to that derives the value of the appraisal object based on its future income. Specifically, it involves predicting the future income of the appraisal object and converting it into value to derive the value of the appraisal object.

The calculation formula of the income method is as follow:

$$V = \frac{A}{Y-g}\left(1-(\frac{1+g}{1+Y})^{t}\right)+\frac{A(1+g)^{t}}{Y(1+Y)^{t}}\left(1-\frac{1}{(1+Y)^{n-t}}\right)+\mathrm{M}$$

Wherein: V – Income price of property at the valuation date

A – Net operating income of property in the first year ahead

Y – Rate of return (discount rate) on property

g – Annual growth rate of net income

n – Number of years of expected income of the property

t – Incremental income period

M – The discounted value of the remaining building

The basic formula for calculating net income is:

Net income = Potential gross rental income – Vacancy and rental losses + Other income – Operating expenses
= Effective gross income – Operating expenses

According to market research conducted by the Valuer, within the same supply and demand circle, for properties with similar locations, comparable sizes, and same purpose, the monthly rental level ranges from RMB30 to 38 per square meter. Based on three comparables selected by the Valuer from available rental instances, and after adjustments using the rental condition index, the monthly rental level of the Property as at the valuation benchmark date was determined to be RMB36.68 per square meter.

Based on the aforementioned formula, the Valuer estimated the appraised value of the Property to be RMB9,533 per square meter.

(III) Valuation Assumptions

1. General assumptions

a. The copies of title certificate of the appraisal object, planning permit for construction works, construction permit, and preliminary survey reports provided by the property owner have been checked against the original documents but have not been verified. It is assumed that the information provided by the property owner is legal, true, accurate and complete in the case that there is no reason to doubt its legality, truthfulness, accuracy and completeness.

b. The Valuer has paid attention to the major factors affecting the value of the appraisal object, such as the property safety of the appraisal object. After on-site survey and based on conventional judgment, it is assumed that the property quality is safe and can be used normally within the building's service life or the land use life.

2. Undetermined assumptions

There is no undetermined assumption.

3. Assumptions deviating from the fact

There does not have any assumption deviating from the fact.

4. Inconsistent assumptions

According to the survey of the Valuer, it is understood that the appraisal object has not yet obtained the ownership certificate. The Valuation assumes that the type of appraised value is the market value of the appraisal object under the assumption of unrestricted property rights (i.e., it is assumed that the appraisal object can be normally traded on the market without any restrictions on buying or selling).

5. Assumptions about insufficient basis

There is no assumption on insufficient basis.

(IV) Valuation results

The comparasion method takes a market-oriented perspective and reflects the market value of the appraisal object based on actual transactions, while the income method calculates results based on future expectations, which involve greater uncertainty. After comprehensive consideration, a weight of 70% was assigned to the results from the comparative method and 30% to the results from the income method in the Valuation. The weighted average of these methods was then used to derive the Valuation.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY SALE AND PURCHASE CONTRACT

The Property is located on Floors 20-21 of Building No. 7 in the CBD East District Development and Construction Project of the Changdong Area, at the intersection of Yingbin Avenue and Binhu Avenue in the South Taihu New District of Huzhou City, with a total floor area of 3,265.88 square meters. The Property is intended to be used as the Group's technology research institute.

The purchase of the Property will fully meet the Company's business expansion needs as its transition into a comprehensive energy service provider. It will provide adequate and suitable space for the technology research institute to conduct key research and development in gas-related technologies. In the meantime, it will ensure centralized office arrangements and the placement of research equipment to accommodate the growing talent team. Furthermore, the Property will create a modern research environment that combines professionalism, flexibility, and sustainability, which will help attract high-end talent, enhance innovation efficiency and brand influence, and comprehensively support the Company's green, low-carbon, and high-quality development.

Taking the above factors into consideration, the Directors (including all independent non-executive Directors) consider that the terms of the proposed transaction under the Property Sale and Purchase Contract are fair and reasonable, which are entered into on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF PARTIES AND ULTIMATE BENEFICIAL OWNERS

The Group

The Group is mainly engaged in (i) the sale of natural gas in Huzhou City, mainly including pipeline natural gas (pursuant to the franchise right) and liquefied natural gas; (ii) the provision of construction and installation services; and (iii) other businesses, including the sale of energy, distributed photovoltaic electricity, household gas appliances and related equipment, as well as property leasing. As at the date of this announcement, City Group holds approximately 44.13% of the Shares in the Company and is the Controlling Shareholder of the Company.

Ruxin Construction

Ruxin Construction is a limited company incorporated in China, mainly engaged in real estate development and operations, various types of engineering construction activities, general contracting for housing construction and municipal infrastructure projects. It also undertakes ancillary businesses such as landscaping engineering construction, engineering management services, urban green space management, leasing of various types of properties, and management of parks and properties. The company holds a secondary qualification in real estate development.

As of the date of this announcement, Ruxin Construction is 100% owned by Huzhou Xinwan Construction Development Co., Ltd.* (湖州市新灣建設發展有限公司), which in turn is 100% owned by City Group.

City Group

City Group is a state-owned enterprise established in accordance with the laws of the People's Republic of China, mainly engaged in investment in and construction of urban infrastructure in Huzhou City. It is directly and wholly owned by Huzhou Municipal People's Government State-owned Assets Supervision and Administration Commission (a Chinese government authority as defined under Rule 19A.04 of the Listing Rules).

ABSTENTION FROM VOTING ON THE BOARD RESOLUTION

As Mr. Wang Hua and Ms. Sun Xiaohui, the executive Directors, and Mr. Sun Xiaowei, a non-executive Director, are all connected with City Group, they are deemed to have a material interest in the proposed transaction under the Property Sale and Purchase Contract and therefore have abstained from voting on the board resolution regarding the proposed transaction under the Property Sale and Purchase Contract respectively.

Save as disclosed above, no other Director has any material interest in the proposed transaction under the Property Sale and Purchase Contract and is required to abstain from voting on the board resolution approving the proposed transaction under the Property Sale and Purchase Contract.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, City Group is the Controlling Shareholder of the Company. Therefore, in accordance with Rule 14A.07(1) of the Listing Rules, Ruxin Construction is an associate of a connected person of the Company, and the proposed transaction under the Property Sale and Purchase Contract constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the proposed transaction under the Property Sale and Purchase Contract exceed 0.1% but are less than 5%, the proposed transaction under the Property Sale and Purchase Contract is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but is exempted from the requirement of obtaining independent shareholders' approval.

DEFINITIONS

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

"Board"	the board of directors of the Company
"City Group"	Huzhou City Investment and Development Group Co., Ltd.* (湖州市城市投資發展集團有限公司), a state-owned enterprise established under the laws of the PRC, which is directly and wholly owned by the State-owned Assets Supervision and Administration Commission of Huzhou Municipal People's Government (a governmental authority of China as defined under Rule 19A.04 of the Listing Rules), is a Controlling Shareholder of the Company as at the date of this announcement; and unless the context otherwise requires, it includes its subsidiaries
"Company"	Huzhou Gas Co., Ltd.* (湖州燃氣股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange
"Director(s)"	the directors of the Company
"Domestic Share(s)"	domestic ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or paid up in RMB and currently are not listed or traded on any stock exchange
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Project"	CBD East District Development and Construction Project of the Changdong Area, at the intersection of Yingbin Avenue and Binhu Avenue, South Taihu New District, Huzhou City
"Property"	Floors 20-21 of Building No. 7 in the Project
"Property Sale and Purchase Contract"	the "Commercial Property Sale and Purchase Contract of Zhejiang Province (Pre-sale)" dated 25 February 2026 entered into between the Company and Ruxin Construction
"RMB"	Renminbi, the lawful currency of the PRC
"Ruxin Construction"	Huzhou Ruxin Construction Development Co., Ltd.* (湖州市如鑫建設開發有限公司)
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuation Report"	the Real Estate Market Value Appraisal Report prepared and issued by the Valuer dated 15 December 2025
"Valuer"	Zhejiang Zhongcheng Real Estate Evaluation Firm Co., Ltd.* (浙江眾誠房地產評估事務所有限公司), an independent professional valuer
"%"	percentage

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

Huzhou City, Zhejiang Province, the PRC
25 February 2026

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. Sun Xiaowei as non-executive Directors; Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Mr. Zhou Xinfa as independent non-executive Directors; and Ms. Yao Yanli as employee representative Director.

* *For identification purposes only*