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 2026

FINANCIAL HIGHLIGHTS

- Revenue for the Period was RMB1,136.6 million, representing an increase of 4.24% as compared with the corresponding period in 2025.
- Gross profit for the Period was RMB121.2 million, representing a decrease of 12.81% as compared with the corresponding period in 2025.
- Profit attributable to owners of the Group for the Period was RMB43.8 million, representing a decrease of 16.57% as compared with the corresponding period in 2025.
- Basic earnings per share during the Period amounted to RMB0.22, as compared with RMB0.26 in the corresponding period in 2025.

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 2026 (the "**Reporting Period**" or the "**Period**"), together with comparative figures for the corresponding period in 2025 as follows:

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**1,136,598**	1,090,375
Cost of sales		**(1,015,393)**	(951,339)
GROSS PROFIT		**121,205**	139,036
Other income and gains	*5*	**11,161**	11,663
Selling and distribution expenses		**(16,651)**	(17,104)
Administrative expenses		**(25,380)**	(21,388)
Reversal of impairment/(impairment) on financial assets		**2,117**	(304)
Other expenses		**(3,793)**	(5,618)
Finance costs		**(1,022)**	(1,063)
Share of profits and losses of:			
Joint ventures		**49**	199
PROFIT BEFORE TAX	*6*	**87,686**	105,421
Income tax expense	*7*	**(20,024)**	(23,061)
PROFIT FOR THE PERIOD		**67,662**	82,360
Attributable to:			
Owners of the parent		**43,782**	52,467
Non-controlling interests		**23,880**	29,893
		67,662	82,360
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period *(RMB)*	*9*	**0.22**	0.26

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**67,662**	82,360
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(9)**	(8)
Income tax effect	**2**	2
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(7)**	(6)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(7)**	(6)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**67,655**	82,354
Total comprehensive income attributable to:		
Owners of the parent	**43,775**	52,461
Non-controlling interests	**23,880**	29,893
	67,655	82,354

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Lease receivables		**4,249**	3,626
Property, plant and equipment	*10*	**1,155,626**	1,115,557
Investment properties		**670**	925
Right-of-use assets		**71,213**	72,784
Goodwill		**28,506**	28,506
Other intangible assets		**58,307**	62,021
Investments in joint ventures		**12,301**	12,252
Deferred tax assets		**19,731**	20,192
Time deposits		**310,110**	306,390
Total non-current assets		**1,660,713**	1,622,253
CURRENT ASSETS			
Inventories		**17,771**	14,675
Lease receivables		**887**	1,360
Trade and bills receivables	*11*	**45,592**	54,216
Debt investments at fair value through other comprehensive income		**2,804**	417
Prepayments, other receivables and other assets		**29,531**	30,200
Due from related parties		**4,974**	8,801
Pledged deposits		**20**	20
Time deposits		**130,731**	203,031
Cash and cash equivalents		**365,782**	309,434
Total current assets		**598,092**	622,154

	Notes	**30 June 2026 (Unaudited) *RMB'000***	31 December 2025 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*12*	**109,928**	124,188
Other payables and accruals		**216,971**	113,627
Contract liabilities		**294,537**	299,762
Interest-bearing bank borrowings	*13*	**1,000**	900
Due to related parties		**19,398**	26,994
Tax payables		**15,152**	25,610
Lease liabilities		**1,479**	1,296
Total current liabilities		**658,465**	592,377
NET CURRENT (LIABILITIES)/ASSETS		**(60,373)**	29,777
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,600,340**	1,652,030
NON-CURRENT LIABILITIES			
Contract liabilities		**55,238**	66,693
Interest-bearing bank borrowings	*13*	**21,300**	21,800
Deferred tax liabilities		**16,068**	16,801
Deferred income		**123,246**	124,358
Other non-current liabilities		**32,235**	24,023
Lease liabilities		**24,659**	25,378
Total non-current liabilities		**272,746**	279,053
Net assets		**1,327,594**	1,372,977
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**202,715**	202,715
Reserves		**1,052,254**	1,069,293
		1,254,969	1,272,008
Non-controlling interests		**72,625**	100,969
Total equity		**1,327,594**	1,372,977

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

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 2026, 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 Chinese Mainland.

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 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. 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 2025.

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2026, the Group had net current liabilities of approximately RMB60,373,000. Having taken into non-current time deposits with original maturities over one year of RMB310,110,000 which could be withdrawn prior to maturity, and available banking facilities of RMB255,200,000 as at 30 June 2026, and together with the expected operating cash outflow which covers a period of not less than twelve months from 30 June 2026 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare interim condensed consolidated financial information for the six months ended 30 June 2026 on a going concern basis.

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 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

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

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Chinese Mainland	**1,136,598**	1,090,375

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of gas, energy and other goods	**1,072,329**	996,977
Provision of construction and installation services	**52,030**	80,794
Distributed photovoltaic power	**12,405**	10,512
Others	**2,155**	3,690
Revenue from other sources		
Gross rental income	**119**	103
	1,139,038	1,092,076
Less: Government surcharges	**(2,440)**	(1,701)
Total	**1,136,598**	1,090,375
Revenue from contracts with customers		
Types of goods or services		
Sale of PNG	**966,371**	945,717
Sale of LNG	**67,259**	22,516
Sale of household gas appliances and relevant equipment	**19,952**	14,395
Sale of energy	**18,747**	14,349
Provision of construction and installation services	**52,030**	80,794
Sale of distributed photovoltaic power	**12,405**	10,512
Others	**2,155**	3,690
	1,138,919	1,091,973
Less: Government surcharges	**(2,440)**	(1,701)
Total	**1,136,479**	1,090,272

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods or services transferred at a point in time	**1,086,889**	1,011,179
Services transferred over time	**52,030**	80,794
	1,138,919	1,091,973
Less: Government surcharges	**(2,440)**	(1,701)
Total	**1,136,479**	1,090,272

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**576**	3,344
Bank time deposit interest income	**4,908**	4,118
Finance income on the net investment in a lease	**358**	365
Government grants	**4,136**	2,577
Others	**124**	212
	10,102	10,616
Other gains		
Exchange gains	**60**	–
Fair value gains on wealth management products	**999**	1,047
	1,059	1,047
Total	**11,161**	11,663

6. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold*		**988,087**	912,143
Cost of services provided*		**27,306**	39,196
Depreciation of property, plant and equipment	*10*	**41,757**	35,311
Depreciation of investment properties		**36**	11
Depreciation of right-of-use assets		**1,490**	1,503
Amortisation of other intangible assets		**3,714**	3,727
Impairment of financial assets, net:			
(Reversal of impairment)/impairment of trade receivables		**(2,135)**	545
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets		**18**	(241)
		(2,117)	304
Bank interest income	*5*	**(576)**	(3,344)
Bank time deposit interest income	*5*	**(4,908)**	(4,118)
Fair value gains on wealth management products	*5*	**(999)**	(1,047)
Interest expenses on lease liabilities		**657**	666
Loss on disposal of items of property, plant and equipment		**160**	31
Reversal/(write-down) of inventories to net realisable value		**90**	(98)

* The cost of inventories sold and the cost of services provided include depreciation of property, plant and equipment and employee benefit expense, which are also included in the respective total amounts of the items disclosed above.

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 Chinese Mainland is calculated based on the statutory rate of 25% (2025: 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 Chinese Mainland 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 Chinese Mainland 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**") and Nanxun Xinao Gas Development Co., Ltd. ("**Nanxun Xinao Development**"), 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 the 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 was exempted from 2022 to 2024 and the applicable tax rate is reduced by half from 2025 to 2027. In November 2025, Huzhou Huxun Fuel New Energy Development Co., Ltd. ("**Huxun Fuel New Energy**") and Huzhou Huqingran New Energy Development Co., Ltd.("**Huqingran New Energy**") were absorbed into Huran New Energy, resulting in the subsequent deregistration of both Huxun Fuel New Energy and Huqingran New Energy.

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 2026.

Pursuant to the Corporate Income Tax of the PRC and the respective regulations, Deqing Xinrui, a subsidiary of the Group, was qualified as a small and micro enterprise in 2021, and was entitled to a preferential income tax rate of 5% for the first RMB3,000,000 of assessable profits.

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Income tax:		
Current tax	**20,294**	32,665
Deferred tax	**(270)**	(9,604)
Total tax charge for the period	**20,024**	23,061

8. DIVIDENDS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends declared by the Company		
– RMB0.30 (2025: 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 2026 (for the six months ended 30 June 2025: 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**43,782**	52,467
	Number of shares	
	30 June 2026	30 June 2025
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)*	**21.6 cents**	25.9 cents

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying value at beginning of period/year	**1,115,557**	1,045,193
Addition	**107,162**	149,383
Transferred from/(to) investment properties	**219**	(712)
Depreciation charge for the period/year	**(41,757)**	(70,501)
Disposals	**(25,555)**	(7,806)
Carrying value at end of period/year	**1,155,626**	1,115,557

11. TRADE AND BILLS RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**37,828**	49,630
Impairment	**(5,533)**	(7,668)
	32,295	41,962
Bills receivable	**13,297**	12,254
Total	**45,592**	54,216

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 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**30,310**	38,564
3 months to 6 months	**1,942**	3,134
6 months to 1 year	**43**	264
Total	**32,295**	41,962

12. 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 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 1 year	**104,372**	119,743
Over 1 year	**5,556**	4,445
Total	**109,928**	124,188

13. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate	**Maturity**	**30 June 2026** *RMB'000* **(Unaudited)**	Effective interest rate	Maturity	31 December 2025 *RMB'000* (Audited)
Current						
Bank loans – secured	Loan Prime Rate-40bps	2026-2027	**1,000**	Loan Prime Rate-40bps	2026	900
Non-current						
Bank loans – secured	Loan Prime Rate-40bps	2027-2036	**21,300**	Loan Prime Rate-40bps	2027-2036	21,800
Total			**22,300**			22,700

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,000**	900
In the second year	**1,200**	1,100
In the third to fifth years, inclusive	**5,550**	5,100
Beyond five years	**14,550**	15,600
Total	**22,300**	22,700

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

14. SHARE CAPITAL

	Number of shares	**Nominal value** *RMB'000*
Ordinary shares as at:		
31 December 2025 (audited)	202,714,500	202,715
30 June 2026 (unaudited)	**202,714,500**	**202,715**

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2026, China's economy continued its steady and progressive growth trajectory, with GDP reaching RMB69.6 trillion, representing a year-on-year increase of 4.7%, and remained within the reasonable range. According to data from the National Development and Reform Commission, the national apparent consumption of natural gas in the first half of this year was 206.85 billion m^3, representing a year-on-year decrease of 2.4%, indicating a structural divergence in industry demand.

In 2026, the inaugural year of the "15th Five-Year Plan", urban safety governance has entered a new phase. In May, the State Council issued the Urban Renewal Plan for the 15th Five-Year Plan Period (《城市更新「十五五」規劃》), designating the safety project of urban infrastructure lifelines as a core task, requiring real-time monitoring, dynamic early warning, and closed-loop management of risks associated with facilities such as gas pipelines. Urban physical examinations have been rolled out nationwide, shifting gas safety from intensive rectification campaigns to routine inspections, intelligent management and control, and long-term operation and maintenance. The renovation of aging pipeline networks continues to advance, and the focus of urban development has shifted from incremental expansion to quality improvement of existing stock. With the coordinated advancement of the "dual carbon" goals and energy security, the role of natural gas as a "transitional pillar energy" providing peak-shaving support for renewable energy has been further consolidated.

Overall, despite short-term structural adjustments in the natural gas market, the rigid demand for city gas for residential use remains prominent, and safety and smart retrofits are opening up new space for industry development. The Group believes that, backed by the economic vitality of the Yangtze River Delta region, the resilience of residential gas demand, and the continued release of policy dividends from the construction of urban lifeline projects, the demand for natural gas in the region will grow steadily.

DEVELOPMENT STRATEGY AND OUTLOOK

In response to the new development stage of the city gas industry, which has shifted from "incremental expansion" to "quality improvement of existing stock", the Group has anchored its "1+3+N" strategic framework, closely centering on the three major tasks of "safety, development, and reform". With technology and innovation as the key driver, the Group is firmly advancing its long-term transformation from a gas supplier to a regional integrated green energy service provider.

The Group will systematically advance multi-dimensional capability upgrades to build long-term competitiveness. With its core natural gas business as the foundation, the Group will strengthen its base through synergies across the entire industry chain, while focusing on cultivating three growth engines – pan-energy, new energy, and value-added services – to cover diverse energy consumption scenarios. In the new energy sector, the Group will shift toward light-asset operations, focusing on technical services such as photovoltaic operation and maintenance, energy-saving retrofits, and carbon management. In value-added services, the Group will leverage its proprietary brands to unlock the value of existing users and extend into integrated energy services. In safety management, the Group will build a full-process sensing network through its "Smart Cloud" platform, enabling intelligent risk identification, early warning, and closed-loop handling, thus shifting from passive prevention to proactive intelligence. In terms of operational services, the Group will promote the upgrade of customer services toward a scenario-based approach, enhance response speed and service quality, and support high-quality development through refined operations.

Looking ahead, the Group will leverage its regional market advantages and policy dividends to accelerate its green and low-carbon transition while ensuring secure and stable energy supply, continuously optimize its revenue structure, and build a sustainable development pattern featuring a solid core business and diversified support.

BUSINESS REVIEW

The year 2026 marks a pivotal year for further deepening comprehensive reforms and advancing high-quality development. During the Reporting Period, the Group closely adhered to the core objectives of safety in production and operational development, steadily advanced the implementation of various key tasks, and continued to consolidate the foundation for the synergistic development of its dual-core businesses– "gas + clean energy" – while maintaining a stable yet progressive overall operational performance.

The Group has always prioritized production safety. During the Reporting Period, the Group continued to carry out comprehensive grid-based inspections and special rectifications of potential hazards, completed full-coverage safety inspections for industrial and commercial users, and achieved immediate rectification and dynamic elimination of Level I hazards. The Group also organized routine emergency drills and frontline safety skills training, steadily enhancing its capacity to ensure safe operations.

Market expansion and engineering construction have been advancing in an orderly manner. The renovation of aging pipeline networks has been implemented as planned, and supporting pipeline networks in newly developed areas have been carried out in parallel, resulting in continuous expansion of pipeline network coverage. Customer service levels have been consistently optimized, with online service channels continuously improved, and livelihood services such as in-home safety inspections, maintenance and emergency repairs have been adequately ensured, maintaining stable user satisfaction.

As at the end of the Reporting Period, the number of residential users and industrial and commercial users served by the Group amounted to 350,600 and 3,967, respectively, with a gas sales volume of 300.0 million m^3.

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 1,814.95 kilometers.

FINANCIAL OVERVIEW

Revenue

The Group's revenue for the Period was RMB1,136.6 million, representing an increase of 4.24% as compared with RMB1,090.4 million in the corresponding period of previous year. The increase in revenue was mainly driven by the Group's proactive efforts to expand its customer base outside its core market areas, resulting in an increase in PNG sales volume to wholesale customers during the Reporting Period.

Gross Profit

The Group's gross profit for the Period was RMB121.2 million, representing a decrease of 12.81% as compared with RMB139.0 million in the corresponding period of previous year. It was mainly due to the continuous regulatory adjustments in the real estate market during the Reporting Period, which led to a reduction in the volume of pipeline construction for newly built residential and commercial properties and a contraction in demand for residential supporting installation, resulting in a decrease in the gross profit from the pipeline construction and installation business.

Other Income and Gains

The Group's other income and gains for the Period were RMB11.2 million, representing a decrease of 4.27% as compared with RMB11.7 million in the corresponding period of previous year. It was mainly due to the decrease in the interest income during the Reporting Period. Affected by the downturn in market interest rates, the average yield of the Group's bank deposits and wealth management products decreased, resulting in a decrease in interest income.

Finance Costs

The Group's finance costs for the Period were RMB1.0 million, representing a decrease of 9.09% as compared with RMB1.1 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. The Group will continue to optimize the debt structure, reduce the pressure of short-term debt repayment, control finance costs and ensure financial sustainability.

Income Tax Expense

The Group's income tax expense for the Period decreased by 13.42% to RMB20.0 million from RMB23.1 million in the corresponding period of previous year. The effective tax rate for the Period was 22.81% (the corresponding period of previous year: 21.92%). Certain companies within the Group enjoyed the preferential tax rates and the tax policy on the additional deduction for research and development expenses. Due to the decrease in the profit contribution ratio of the Group's subsidiaries that enjoyed the preferential tax rates, coupled with a reduction in the amount of additional deduction for research and development, the income tax expense increased and the effective tax rate rose.

Profit attributable to Owners of the Parent

Profit attributable to owners of the parent for the period was RMB43.8 million, representing a decrease of 16.57% as compared with RMB52.5 million in the corresponding period of previous year. This decrease was primarily due to the continuous regulatory adjustments in the real estate market, which led to a decrease in the gross profit from the pipeline construction and installation business, resulting in a decline in the net profit attributable to owners of the parent during the Reporting Period, as compared with the corresponding period of the previous year.

Liquidity and Financial Position

As at 30 June 2026, the current assets of the Group amounted to RMB598.1 million (31 December 2025: RMB622.2 million), of which cash and bank balance was equivalent to RMB365.8 million.

As at 30 June 2026, the current ratio (current assets/current liabilities) of the Group was 0.91 (31 December 2025: 1.05) and the asset-liability ratio (total liabilities/total assets) was 41.23% (31 December 2025: 38.83%). As at 30 June 2026, the unutilised bank credit balance was RMB255.2 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 RMB14.4 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 RMB8.0 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 3.65% as at 30 June 2026 (as at 31 December 2025: 3.60%). 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 2026, 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 2026, the Group had no material contingent liabilities.

Financial Guarantee Obligations

As at 30 June 2026, the Group had no material financial guarantee obligations.

Pledge of Assets

As at 30 June 2026, 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 2026, the Group employed a total of 440 employees in China (30 June 2025: 452).

During the Period, the total employee costs of the Group were approximately RMB58.2 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 2026, 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	17,247	6,553	By the end of 2026
Working capital and general corporate purposes	10%	23,700	23,700	0	
Total	100%	236,900	159,347	77,553	

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 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, 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 2026 (for the six months ended 30 June 2025: Nil).

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Board (the "**Audit Committee**") comprising three independent non-executive Directors and two 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, 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 2026 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
28 August 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*