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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)

CHANGE OF USE OF PROCEEDS

References are made to (i) the prospectus of Huzhou Gas Co., Ltd.* (the "**Company**", together with its subsidiaries, the "**Group**") dated 29 June 2022 (the "**Prospectus**"), which relates to, among other things, the designated use of proceeds from the initial public offering of the H shares of the Company (the "**Net Proceeds**"), and (ii) the disclosures on the utilisation of the Net Proceeds in the subsequent annual and interim reports of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

The Board hereby announces that, after careful consideration and detailed assessment of the Group's operations and business strategies, the Board has resolved to change the use of the unutilised portion of the Net Proceeds in the manner set out below.

CHANGE OF USE OF PROCEEDS

As at the date of this announcement, the Group has utilised the Net Proceeds in an aggregate amount of approximately RMB236.9 million (equivalent to HK$276.3 million) strictly in accordance with the intended uses disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and in accordance with the expected utilisation timeline, of which approximately RMB159.4 million has been utilised, and the remaining unutilised Net Proceeds amount to approximately RMB77.5 million (the "**Unutilised Net Proceeds**").

The Board has resolved to change the use of the Unutilised Net Proceeds, details of which are set out below:

Intended uses of the Net Proceeds	Original intended allocation of the Net Proceeds (approximately)	Utilised amount as at 31 October 2026 (approximately)	Unutilised amount as at 31 October 2026 (approximately)	Revised allocation of the Unutilised Net Proceeds (approximately)	Expected timeline for the revision as at the date of this announcement[2]
Enhance the sales volume of PNG by upgrading our pipeline network and operational facilities	20.0% RMB47,400,000	20.0% RMB47,400,000	0% 0	– –	–
Expand our business to other geographical areas through strategic acquisition	30.0% RMB71,000,000	0% 0	30.0% RMB71,000,000	-30.0% -RMB71,000,000	15 January 2027
Expand into distributed photovoltaic power generation business	30.0% RMB71,000,000	30.0% RMB71,000,000	0% 0	– –	–
Promote the use of heat energy from vapour generated by our natural gas through natural gas boilers	10.0% RMB23,800,000	7.3% RMB17,247,000	2.7% RMB6,553,000	– –	–
Working capital and general corporate purposes	10.0% RMB23,700,000	10.0% RMB23,700,000	0% 0	– –	–
Businesses related to green energy and low-carbon transition	**–** **–**	**–** **–**	**–** **–**	**30.0%** **RMB71,000,000**	15 January 2027
Total	100.0% RMB236,900,000	67.3% RMB159,347,000	32.7% RMB77,553,000	– –	

Notes:

(1) For the avoidance of doubt, any discrepancy between the total and the sum of the respective amounts shown in the table is due to rounding.

(2) The expected timeline for full utilisation of the Unutilised Net Proceeds is based on the best estimation of the present and future business market situations by the Group, which is subject to current and future developments of the market conditions.

REASONS FOR AND BENEFITS OF CHANGE OF USE OF PROCEEDS

1. Significant changes have occurred in the external environment for implementing the original cross-regional strategic acquisition business, and continuing to retain the funds carries a risk of long-term idleness

   Affected by adjustments to China's energy industry policies and changes in the M&A landscape of the gas industry, the practical conditions for the originally planned cross-regional business expansion through strategic acquisitions have changed significantly. At present, high-quality gas targets in the industry are scarce, asset valuations fluctuate considerably, and negotiations for projects in other regions are difficult to advance, while transaction uncertainty is high. Even if an acquisition is completed, the subsequent business synergy, team integration and operational integration would each involve relatively high operational risks. It is difficult to identify acquisition targets that match the Company's risk-return criteria and meet the Group's development expectations, and the implementation pace of the originally intended investment direction of the proceeds has fallen short of expectations.

   If the relevant proceeds were to continue to be retained for cross-regional strategic acquisitions, in the absence of suitable targets in the short term, a substantial amount of proceeds would remain idle for a prolonged period, reducing the efficiency of capital utilisation. Based on the principle of prudent operation, the Company intends to terminate the use of the relevant unutilised net proceeds from the listing for the cross-regional strategic acquisition business.

2. The green energy and low-carbon transition business has a mature operational foundation, is highly synergistic with the Group's principal business, and has delivered good investment returns

   The Company's subsidiary, Huzhou Huran New Energy Development Co., Ltd.* ("**Huran New Energy**"), was incorporated on 24 April 2022. Its principal business covers distributed photovoltaic, energy storage, and energy-saving retrofits for industrial and public buildings. Through years of project implementation, its business model has been validated by the market and is highly synergistic with the Group's principal business.

   Compared with cross-regional, non-local mergers and acquisitions, local green energy projects have controllable risks, stable return cycles and stronger cash flow predictability, and can avoid the integration risks associated with non-local acquisitions. This will help enrich the Company's business matrix, optimize its revenue structure and cultivate new profit growth drivers, and is in line with the Company's long-term development strategy and the interests of all shareholders as a whole.

3. Deploying the net proceeds from the listing into the green energy and low-carbon transition business to reduce interest-bearing debt and secure project capital for the integrated energy segment

   Deploying the net proceeds from the listing subject to this adjustment into the green energy and low-carbon transition business can effectively reduce the scale of Huran New Energy's interest-bearing debt, lower interest expenses, and enhance project profitability. It will also provide capital support for the continued development of subsequent distributed photovoltaic, energy storage and energy-saving retrofit projects, thereby promoting the development of the Company's integrated energy segment.

Based on the aforementioned reasons and benefits, the Board considers that the change of use of the Net Proceeds is fair and reasonable and will enable the Group to meet its needs of utilising proceeds in a more efficient and flexible manner. The Board is also of the opinion that there is no material change in the nature of the Group's business as set out in the Prospectus, and the proposed change of use of the Net Proceeds shall not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

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

Huzhou City, Zhejiang Province, the PRC, 6 November 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 the purpose of this announcement, unless otherwise specified, the conversion of HK$ into RMB is based on the approximate exchange rate from HK$1 to RMB0.86. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

* *For identification purposes only*