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JiaXing Gas Group Co., Ltd.*

嘉興市燃氣集團股份有限公司

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

(Stock Code: 9908)

VERY SUBSTANTIAL ACQUISITION

PROPOSED ACQUISITION OF EQUIPMENT FOR GAS-FIRED POWER GENERATION PROJECT

ACQUISITION OF EQUIPMENT

On 17 November 2026, Jiaran Power Equipment entered into the Purchase Agreement with the Vendor in relation to the proposed acquisition of the Equipment at a total consideration of RMB1,470 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase Agreement exceed 100%, the entering into of the Purchase Agreement and the transactions contemplated thereunder constitute a very substantial acquisition and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the EGM for the Shareholders to consider and, if thought fit, approve the Purchase Agreement and the transactions contemplated thereunder. A circular including, among other things, (i) a letter from the Board containing detailed information about the Purchase Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM, together with the relevant proxy form, is expected to be despatched to the Shareholders on or before 16 December 2026. The expected despatch date of the circular is more than 15 business days after the date of publication of this announcement, so as to allow sufficient time for preparation and finalisation of the relevant information to be included in the circular.

THE PURCHASE AGREEMENT

On 17 November 2026, Jiaran Power Equipment entered into the Purchase Agreement with the Vendor in relation to the acquisition of the Equipment.

The principal terms and conditions of the Purchase Agreement are summarised below:

Date:	17 November 2026 (after trading hours)
Parties:	(1) Jiaran Power Equipment (as the buyer); and (2) the Vendor (as the seller) To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
Subject matter:	Jiaran Power Equipment conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Equipment, comprising two sets of Model M701J combined-cycle power island and associated equipment (M701J聯合循環機島及其附屬設備). The Vendor shall also provide to Jiaran Power Equipment comprehensive technical services in relation to the Equipment, including engineering design, inspection, civil engineering works, installation, commissioning, adjustments, performance tests, technical guidance, support and trainings.
Specifications and functions of the Equipment:	Each set of Model M701J combined-cycle power island and associated equipment takes the form of a combined-cycle gas turbine (CCGT) power generation unit, and consists of one gas turbine, one steam turbine, one water-hydrogen-hydrogen power generator and the associated heat recovery steam generator, auxiliary systems and control systems.

Each power generation unit uses natural gas as its principal fuel and adopts a combined gas-and-steam cycle configuration. Electricity is first generated through the gas turbine, and exhaust heat from the gas turbine is then recovered through the heat recovery steam generator to produce steam for further electricity generation through the steam turbine. Compared with conventional coal-fired power generation units, the Equipment carries the features of higher power generation efficiency, faster start-up and shutdown speeds and lower emissions, and can support both base load operations and peak load regulation operations. The indicative combined-cycle power generation output and efficiency of each power generation unit are approximately 730 MW and 64.0% respectively.

Consideration:

RMB1,470 million (tax inclusive), which is inclusive of the price for purchase of the Equipment together with procurement of the related technical services

The Consideration was determined after arm's length negotiations between the parties with reference to the prevailing market price of the Equipment. Before entering into the Purchase Agreement, Jiaran Power Equipment had obtained quotations from two independent suppliers of the relevant equipment, including the Vendor. In identifying and selecting independent suppliers to approach for quotations, the Group has considered (i) whether the specifications and functions of the equipment offered by the relevant suppliers met the Group's technical and operational requirements; in this regard, the Group has set its sights on acquiring H-class gas turbine power generation units having regard to their generally higher power generation output and thermal efficiency, lower fuel consumption and emissions per unit of power generated, and greater operational flexibility as compared with older classes of gas turbines; and (ii) the reliability of the relevant brands, the manufacturers' production capabilities, and the availability of after-sales services and technical support. Based on the Group's market enquiries, there are primarily three principal brands which supply H-class gas turbine power generation units and whose products are distributed to the PRC; among them, only two brands have made available to the PRC market H-class gas turbine power generation units that could satisfy the above requirements, as the remaining brand at present only offers in the PRC an inferior class of gas turbine power generation units that do not meet the Group's functionality requirements given their lower power generation capacity and efficiency. Accordingly, the Group has eliminated the third brand from the list of options available and approached the respective authorised distributor of each of the other two brands in the PRC for all-inclusive quotations (covering the prices of both the equipment and also the related technical services).

Taking into account (i) the short supply and increasing price of the key equipment for gas-fired power plants, particularly gas turbine power generation units, due to the rapid development of artificial intelligence and the large-scale construction of computing and data centres at the global level in recent years; (ii) the limited number of available brands of H-class gas turbine power generation units in the market; and (iii) the price and delivery schedule offered by the independent suppliers, the Company considers that the Vendor offers better terms overall (including pricing) between the only two independent suppliers available and that the Consideration is fair and reasonable, and is of the view that it is appropriate to enter into the Purchase Agreement with the Vendor for the purchase of the Equipment and the procurement of the related technical services.

Pursuant to the Purchase Agreement, the Consideration shall be paid by Jiaran Power Equipment by way of bank transfer or by bank acceptance bills issued by the banks specified in the Purchase Agreement, in the following manner:

(i) subject to Jiaran Power Equipment's receipt, within 15 days after execution of the Purchase Agreement, from the Vendor of (a) the reference preliminary design documents; and (b) an irrevocable performance guarantee issued by the Vendor's principal bank in favour of Jiaran Power Equipment and VAT invoice(s), each in an amount equivalent to 10% of the Consideration, Jiaran Power Equipment shall, within one month after reviewing and confirming that the documents provided are in order, pay to the Vendor an amount equivalent to 10% of the Consideration as initial payment. The Company currently expects that the first tranche of the Consideration will have been settled by December 2026;

(ii) (for each of the two sets of the Equipment) the Vendor shall provide to Jiaran Power Equipment documentary evidence of injection of input materials into the gas turbine hot-section components and generator rotor of the relevant set of Equipment, together with VAT invoice(s) in the amount of 20% of the contract sum of the set of Equipment. Jiaran Power Equipment shall pay 20% of the contract sum of such set of Equipment within one month after reviewing and confirming that the documents provided are in order. The Company currently expects that the second tranche of the Consideration will have been settled by June 2027;

(iii) (for each of the two sets of the Equipment) the Vendor shall complete precision machining of the steam turbine rotor and machining of the gas turbine rotor discs of the set of Equipment and provide to Jiaran Power Equipment documentary evidence demonstrating such completion. Upon confirmation by Jiaran Power Equipment and an authorised supervisor of construction appointed by Jiaran Power Equipment ("Construction Supervisor") and receipt of VAT invoice(s) issued by the Vendor in the amount of 30% of the contract sum of the set of Equipment, Jiaran Power Equipment shall pay 30% of the contract sum of such set of Equipment within one month after reviewing and confirming that the documents provided are in order. The Company currently expects that the third tranche of the Consideration will have been settled by January 2029 (in respect of the first set of Equipment) and May 2029 (in respect of the second set of Equipment).

Jiaran Power Equipment will appoint an independent third-party professional equipment supervision company to act as the Construction Supervisor and perform onsite supervision of the construction progress and output quality at the manufacturing plant. Jiaran Power Equipment will put the construction supervision work out to tender, and only bids submitted by holders of valid Equipment Supervision Organisation Qualification Certificate (設備監理單位資格證書) issued by the competent PRC authority with relevant experience in supervision of construction of comparable equipment will be considered;

(iv) (for each of the two sets of the Equipment) after the Vendor has delivered the last batch of the components of the set of Equipment to Jiaran Power Equipment, Jiaran Power Equipment and the Construction Supervisor shall conduct on-site inspection in respect of the set of Equipment. Upon confirmation of satisfaction with the inspection results by Jiaran Power Equipment and the Construction Supervisor and receipt of VAT invoice(s) issued by the Vendor in the amount of 30% of the contract sum of the set of Equipment, Jiaran Power Equipment shall pay 30% of the contract sum of such set of Equipment within one month after reviewing and confirming that the documents provided are in order. The Company currently expects that the fourth tranche of the Consideration will have been settled by December 2029 (in respect of the first set of Equipment) and April 2030 (in respect of the second set of Equipment);

(v) (for each of the two sets of the Equipment) preliminary acceptance testing shall be conducted within eight months after delivery of the last batch of the components of the set of Equipment, where the dependability of the set of Equipment will be put to test through trial operation for an uninterrupted period of 168 hours. If the testing results show that the set of Equipment is up to the standard required to secure power plant operation, the parties should confirm completion of the preliminary acceptance testing by signing the preliminary acceptance certificate. The Vendor shall further issue VAT invoice(s) in the amount of 5% of the contract sum of the set of Equipment to Jiaran Power Equipment. Jiaran Power Equipment shall pay 5% of the contract sum of such set of Equipment within one month after reviewing and confirming that the documents provided are in order. The Company currently expects that the fifth tranche of the Consideration will have been settled by May 2030 (in respect of the first set of Equipment) and September 2030 (in respect of the second set of Equipment);

(vi) (for each of the two sets of the Equipment) functionality testing shall be conducted within six months after completion of the preliminary acceptance testing, where the set of Equipment will be tested according to the prescribed specification requirements. If the testing results show that the set of Equipment is up to such specification requirements, the parties should confirm completion of the functionality testing by signing the functionality acceptance certificate. The Vendor shall afterwards further issue VAT(s) invoice and provide a letter of guarantee for quality retention deposit, each in an amount equivalent to 5% of the contract sum of the set of Equipment, to Jiaran Power Equipment. Jiaran Power Equipment shall pay 5% of the contract sum of such set of Equipment within one month after reviewing and confirming that the documents provided are in order. The Company currently expects that the sixth and final tranche of the Consideration will have been settled by October 2030 (in respect of the first set of Equipment) and February 2031 (in respect of the second set of Equipment).

Warranty Period:

The Vendor shall provide a warranty period of (i) 24 months commencing on the date on which the relevant set of Equipment has passed the relevant preliminary acceptance testing or (ii) 36 months commencing on the date of delivery by the Vendor of the last batch of the components of the set of Equipment to Jiaran Power Equipment, whichever is the earlier. The Vendor shall guarantee stable operation of the set of Equipment in accordance with the technical and functional requirements and guarantees as specified in the relevant technical standard codes during the warranty period.

The Vendor shall pay to Jiaran Power Equipment a quality retention deposit (being 5% of the contract sum of each set of the Equipment) on or before the commencement of the Warranty Period. The validity period of the letter of guarantee for quality retention deposit shall cover the entire Warranty Period.

Effective date of the Purchase Agreement:

The Purchase Agreement shall become effective on the date of execution by the parties thereto.

Conditions Precedent:

Performance of the obligations of the parties in relation to sale and purchase of the Equipment under the Purchase Agreement, except for the payment of the 10% advance payment as stipulated in the agreement, is subject to the fulfilment of the following Conditions Precedent:

(i) the Company having obtained the shareholders' approval in accordance with the Listing Rules in respect of the Purchase Agreement and the transactions contemplated thereunder;

(ii) the transactions contemplated under the Purchase Agreement have not been determined by the Stock Exchange to constitute a reverse takeover or an extreme transaction as defined under Chapter 14 of the Listing Rules; and

(iii) all representations and warranties made by the Vendor under the Purchase Agreement remaining true, accurate, complete and not misleading.

If the above Conditions Precedent are not satisfied on or before 31 December 2026 (or such later date as may be mutually agreed by the parties), the Purchase Agreement shall automatically terminate.

As at the date of this announcement, none of the above Conditions Precedent had been fulfilled.

Termination of the Purchase Agreement

Under the Purchase Agreement, in the event that Jiaran Power Equipment or its related parties fail to obtain approval of the underlying gas-fired power generation project from the relevant governmental authority(ies) on or before 30 June 2027 (other than by virtue of any delay in government planning), Jiaran Power Equipment shall have the right to terminate the Purchase Agreement by serving on the Vendor a written notice. In such case, the Vendor may forfeit the initial payment, which is equivalent to 10% of the Consideration, as liquidated damages, meaning that the Vendor will be entitled to retain the first tranche of the Consideration already paid upon termination of the Purchase Agreement by Jiaran Power Equipment for this reason. Any other amount already paid by Jiaran Power Equipment under the Purchase Agreement shall be refunded by the Vendor following such termination. if the delay in the grant of the project approval was due to the delay in government planning by the relevant governmental authority(ies), the said deadline for obtaining the project approval shall be extended accordingly.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group, as a whole, is principally engaged in, among other things, the sale of natural gas distributed to end users through pipelines (PNG), liquefied natural gas (LNG) and liquefied petroleum gas (LPG) in Jiaxing, the PRC, provision of construction and installation services in respect of end-user pipeline networks and gas facilities for customers, and provision of natural gas transportation services. As part of its strategic development, the Group has been actively exploring adoption of an integrated development model combining natural gas supply and new energy businesses with a view to broadening its business scope, enhancing its industry value chain positioning and creating long-term value for its shareholders.

Against the backdrop of China's ongoing transition towards a cleaner and lower-carbon energy structure, the Company is of the view that gas-fired power generation, particularly combined-cycle gas turbine power generation, presents attractive market opportunities and development prospects. The acquisition of the Equipment, comprising the combined-cycle power island equipment and associated equipment, is intended for the Group's proposed establishment and construction of a power plant in Pinghu City of Jiaxing, the PRC under the Group's gas-fired power generation project, which is planned to be constructed with gas-steam combined-cycle power generation units. The Directors consider that the Acquisition is a prerequisite for the implementation of the project and will enable the Group to secure the key equipment and technical support required for the project, thereby facilitating the Group's transitioning into a comprehensive energy service provider.

Licensing and Approval Requirements and Preparatory Work Undertaken by the Group

The establishment, construction and operation of the power plant will be subject to the Group obtaining or completing such PRC governmental approval, permits, licences and registrations as may be applicable. These are expected to include project approval by Zhejiang Provincial Development and Reform Commission, together with such design, construction, environmental protection, safety, grid-connection and electricity-market approval, registrations or arrangements as may be required under the applicable laws and regulations.

Specifically, prior to construction of the power plant, the project must have, among other things, been incorporated into the Zhejiang Province's 15th Five-Year Energy Plan (浙江省"十五五"能源規劃), confirmed site selection and passed the social stability assessment, such that approval can be obtained from the Zhejiang Provincial Development and Reform Commission. In addition, before construction works begin, environmental impact assessment, energy conservation assessment, water resource assessment, preliminary safety assessment and expert reviews of dedicated safety areas must have also been completed and/or approved. Out of compliance consideration, the Group will not in any event proceed with construction of the power plant prior to the grant and completion of all such approval, permits, licences and registrations. Also, the Group is required to obtain the generation-class Electric Power Business Licence before it can commence its power generation business.

The Group has undertaken certain preparatory work for the project. Up to the date of this announcement, the Group has been liaising with the relevant local governmental authorities for obtaining preliminary opinions and feasibility study documents in support of the Group's application for the project approval by the Zhejiang Provincial Development and Reform Commission, covering areas such as project planning, preliminary land use, grid connection, gas supply and pipeline connection, water intake and route, wastewater discharge and environmental impact assessment. As at the date of this announcement, while the formal approval of the project has yet to be obtained, (1) the project is expected to be incorporated into the Zhejiang Province's 15th Five-Year Energy Plan; (2) for the purpose of confirmation of site selection, the Pinghu Municipal People's Government has issued preliminary opinion on land use in respect of the project and the Group is currently applying for the project code, after the release of which the natural resources planning authority is expected to issue its opinion on pre-examination of land use and site selection; (3) in respect of social stability assessment, the initial draft of assessment report has been prepared as per arrangements made by the Group, whereas the final report will be issued after the project code has been released, such that the Group can obtain the filing acknowledgement from the Political and Legal Affairs Commission; and (4) as regards environmental impact assessment, energy conservation assessment, water resource assessment, preliminary safety assessment and expert reviews of dedicated safety areas, relevant preparatory work is underway with a view to securing issue of the final reports after the Group has obtained project approval from the relevant governmental authorities. With a view to accelerating utilisation of H-class gas turbine power generation units so as to promote power generation efficiency and carbon emission reduction, the provincial energy administration has set the availability of the requisite equipment as a major factor in assessing applications for approval for gas-fired power generation projects. By entering into the Purchase Agreement, the Group will be able to secure supply of the Equipment in advance, which aligns with the relevant governmental authorities' expectations and will put the Group in a preferential position with higher priority in its application for the project approval.

The Directors are of the view that the risks that the Group will not be able to obtain and complete all requisite approval, permits, licences and registrations for power plant construction, that the Group will not be granted the generation-class Electric Power Business Licence, or that the power plant constructed will otherwise fail to commence commercial operation are remote. The Directors have taken account of the global trends in computing power development, the rising electricity demand, and the supportive policies for gas-fired power generation at both national and Zhejiang provincial levels in arriving at such an opinion. Among other things, emphasis is put on the facts that (1) Zhejiang Province, as a whole, is tasked with achieving sizeable carbon emission reductions, which necessitates a substantial expansion of its gas-fired power generation capacity; (2) accordingly, in May 2026, the Zhejiang Provincial Development and Reform Commission released the "Plan for the Clean and Low-Carbon Transition of the Power and Heating Industry during the 15th Five-Year Plan Period (Draft for Comments)" (《"十五五"電力熱力行業清潔低碳轉型方案(徵求意見稿)》), which is a key policy document simulating future market growth as it explicitly requires that the installed grid-connected capacity for gas-fired power generation should have reached the target level of at least 28 gigawatts by 2030, representing an 85% increase over the 2025 level; and (3) in the wake of such policy initiatives, the project is expected to be incorporated into the Zhejiang Province's 15th Five-Year Energy Plan, with the planned power plant designated as a power plant essential for ensuring the province's electricity supply that is subject to central coordination and deployment, and on the whole, the Group has made good progress in its application for regulatory approval. Given the favourable developments in the external environment and the supportive stance of the government, the Directors do not foresee any material obstacle or uncertainty in obtaining and completing the requisite approval, permits, licences and registrations for its power plant construction and power generation business. Further, as mentioned above, the Group will only proceed to arrange for construction works in respect of the power plant to be performed after all necessary approval, permits, licences and registrations for power plant construction have been granted and completed. This means that by the time construction works commence, all necessary procedures for securing connection of the power plant, when built, to the power grids (i.e. grid connection) will have been completed, which, together will the project approval already given, signifies agreement-in-principle from the relevant governmental authorities to the operation of the power plant and its being put to use for power generation activities after completion. From a procedural perspective, the Directors believe that it is unlikely that the generation-class Electric Power Business Licence will be withheld after completion of the power plant. On account of the above, the Directors are positive that that the Group will be able to successfully implement its gas-fired power generation project and conduct power generation operation through the power plant constructed.

As mentioned in the section headed "The Purchase Agreement – Termination of the Purchase Agreement" in this announcement, under the termination clause of the Purchase Agreement, the initial payment, being the first tranche of the Consideration in the amount of 10% of the total, will be forfeited as liquidated damages if (1) Jiaran Power Equipment or its related parties fail to obtain project approval from the relevant governmental authorities on or before 30 June 2027 and (2) the Group exercises its right to terminate the Purchase Agreement on such grounds. The Directors consider that the arrangements under the termination clause are fair and reasonable from the Group's perspective because (a) it provides the Group with an

exit route to avoid any further financial commitment under the Purchase Agreement in the unlikely event that it transpires that the project approval cannot practically be obtained; and (b) in any case, the Group has full discretion in deciding whether to exercise the option, and may resort to termination only if it is of the opinion that there exists insurmountable difficulty in securing the project approval and termination of the Acquisition is the most appropriate course of action under the circumstances. Where the Purchase Agreement is terminated, it is also fair and reasonable that the Vendor is allowed to retain the first tranche of the Consideration, in that the Vendor and/or the supplier may have already undertaken and appropriated certain preparatory work and resources in connection with scheduling and arrangement of production of the Equipment by 30 June 2027 and ought to be adequately compensated for the associated costs and expenses already incurred. As explained in the immediately preceding paragraph, the Directors regard the chance of the Group's failure to obtain the project approval to be remote. Hence, the Directors do not expect there to be any material impact on the Group under the termination clause of the Purchase Agreement in practice.

Implementation Timeline, Business Model and Project Costs

Subject to obtaining and completing all requisite approval, permits, licences and registrations from the relevant governmental authorities (including, among other things, the project approval and the preliminary design approval of the power plant which are expected to be obtained by March 2027 and June 2027 respectively), the Group's plan is to commence construction of the power plant in January 2028. It is expected that all components of the first set of the Equipment will have been delivered during the last quarter of 2029 and, after completion of the 168-hour full-load trial operation, the first set of the Equipment and the power plant will be ready for commercial operation in the first quarter of 2030. All components of the second set of the Equipment are expected to have been delivered during the second quarter of 2030 and become ready for commercial operation during the third quarter of 2030, which will further increase the power generation capacity of the power plant.

Following completion of construction and commissioning works and after obtaining the requisite approval, the power plant will use natural gas supplied by the Group as fuel to generate power. In accordance with the applicable PRC laws and regulations governing the electricity market, grid-connection arrangements and despatch requirements, the electricity generated will be delivered through the power grids and sold under applicable grid arrangements and, where permitted, through market-based electricity transactions, including medium- and long-term or spot-market transactions. Revenue will principally be derived from electricity sales.

Based on the current project estimate, the total project funding required is approximately RMB3,787.0 million, which covers, among other things, (1) the costs and expenses (inclusive of the costs of the Equipment and other equipment and materials to be procured in this connection) associated with the engineering works to be undertaken in the construction of the power plant, such as construction and installation of the thermal system, fuel supply system, water treatment system, water supply system, electrical system and thermal control system, of approximately RMB2,800.3 million; (2) the costs and expenses associated with the engineering works to be undertaken in site selection and confirmation, such as water purification works, water recharge works, foundation treatment works and earthworks for plant sites and construction areas, of RMB295.8 million; (3) other construction-related

costs and expenses, such as costs of and expenses for land acquisition and site clearing, construction management fees, construction technical service fees, integrated commissioning and trial operation expenses, production preparation fees and expenses for transport of bulky items, of RMB380.6 million; (4) initial working capital for the operation of the power plant of RMB70.1 million; and (5) other miscellaneous costs and expenses, such as energy consumption quota acquisition costs, relevant loan interest expenses and expenses incurred in relation to the preparatory work, of RMB240.2 million. In respect of the expected payment schedule of the Consideration payable for the acquisition of the Equipment of RMB1,470 million, please refer to the paragraphs containing details of the Consideration clause in the section headed "The Purchase Agreement" in this announcement. On top of that, the major cash outflows that are expected to arise as the construction works progress including the following: (1) payment of land acquisition costs to be made in the second quarter of 2027 of approximately RMB90.0 million; (2) advance payments for the engineering works to be made in the first quarter of 2028 of approximately RMB188.2 million; (3) progress payments for the engineering works to be made in (a) the first half of 2028 of RMB301.1 million; (b) the second half of 2028 of RMB451.7 million; (c) the first half 2029 of RMB451.7 million; (d) the second half of 2029 of RMB338.8 million; and (e) the first half of 2030 of RMB150.6 million; and (4) provision of initial working capital for the operation of the power plant in the second quarter of 2030 of RMB70.1 million.

The Group intends to settle approximately RMB745.1 million, representing approximately 20% of the project costs and expenses and including, among other things, the initial payment of the Consideration under the Purchase Agreement, with its internal resources. Given that the Equipment and power plant construction cycle is extended and progress payment arrangements will be adopted, payments are expected to be made at various points in time over the six financial years ending 31 December 2031 as presented in the immediately preceding paragraph. Taking into account the Group's existing balance of cash and cash equivalents and the net cash inflow expected to be generated in the coming financial years as a result of, among other things, operating cash flows and collection of receivables, the Directors believe that the Group will have sufficient financial resources to meet such portion of the project costs and expenses. As regards the remaining approximately 80% of the project costs and expenses, the Group intends to finance the project through obtaining bank financing. As at the date of this announcement, the Group has approached a number of banks for providing the credit facility as required to support the project and received favourable response from such banks. Among them, the provincial or local branches of three state-owned banks have each already issued a letter of intent indicating preliminary conditional agreement to the provision to the Group of a credit facility in the amount of RMB3,000 million specifically designated for the project. The Group is also in the course of negotiating with another independent energy company regarding the proposed joint investment in, and the operation and management of, the power plant, which will reduce the capital requirement to be met by the Group in connection with the project. Up to the date of this announcement, no formal agreement has been reached yet. The Company shall make further announcement to provide Shareholders and potential investors of the Company regarding the proposed joint venture as and when appropriate in accordance with the requirements under the Listing Rules.

Business Development Plans of the Group

Under the current energy policy of the PRC government, gas-fired power generation is set to become the key field of application of natural gas. At present, the principal business activities of the Group cover sales of natural gas primarily to residential users and industrial and commercial users through gas pipeline network. As the level of electrification increases and electricity becomes more widely used to power systems, machines and appliances, gas consumption by residential users and industrial and commercial users is likely to show a downward trend in the future. To safeguard sustainable growth of the Group's principal business, it is imperative that the Group expands into supply of natural gas to gas-fired power plants. This market segment is, however, characterised by high entry barriers and intense competition, where several major market players dominate. The Directors are of the view that the most practicable and effective way for the Group to enter this market segment is to itself participate in the establishment and operation of a gas-fired power plant. As the planned power plant comes into operation, it will use natural gas supplied by the Group as fuel to generate power. This will allow the Group to build up its presence, reputation and networks and thus gain a foothold in the market of supply of natural gas to gas-fired power plants, paving the way for the Group's further development in this market segment. In addition, the Group currently operates and manages a liquefied natural gas (LNG) storage and transportation station in Jiaxing, Zhejiang Province for emergency peak-load regulation purposes; in the course of operation of the power plant, supply of LNG from such a storage and transportation station to the power plant may potentially be required in the event of emergencies, which will increase the utilisation rate of the storage and transportation station and bring further economic benefits to the Group.

For the reasons explained in the preceding paragraph, the Acquisition and the establishment, construction and operation of the planned gas-fired power plant will not only represent a downstream expansion of the Group's business that aligns with the national and provincial strategic focus on carbon emission reduction, but will also conduce to the development and growth of the Group's existing natural gas supply business by expanding its customer base, diversifying its income streams and promoting utilisation of its existing facilities. The Group does not have any intention to scale down, terminate or dispose of any of its existing business segments. Accordingly, the Acquisition for the implementation of the gas-fired power generation project will not result in any fundamental change in the Group's principal businesses, and the Directors consider that the Acquisition is fair and reasonable, in furtherance of the Group's principal business and in line with the Shareholders' expectations.

The Group has invited China Energy Engineering Group Zhejiang Electric Power Design Institute Co., Ltd.* (中國能源建設集團浙江省電力設計院有限公司) to conduct feasibility studies in relation to the Group's proposed gas-fired power generation project, in particular grid connection. As at the date of this announcement, the Group has already reached a consensus with the power grid enterprise in Zhejiang on grid connection. The Group will also enlist contractors with extensive experience to provide design and construction services for project execution purposes and engage qualified professionals (such as the Construction Supervisor) to oversee quality and safety management in the construction process, with a view to guaranteeing timely completion of the construction works. Moreover, the Group will recruit operational and technical staff having relevant experience and arrange for them to be

adequately trained to take charge of the management and operation of the power plant, so as to ensure that power generation activities can commence promptly upon completion of the power plant and be conducted smoothly. The above arrangements serve to equip the Group with the capability to operate the gas-fired power generation project. On top of that, if the contemplated strategic collaboration with the identified independent energy company does materialise, the Group will stand to benefit from the wealth of experience of the joint venture partner in operating and managing gas-fired power plants, which will further help bring the project to fruition.

The Directors noted that the Vendor is a state-owned high-tech enterprise specialising in the research, design and manufacture of large-scale power generation equipment and is a recognised provider of power equipment and related services in the industry with extensive expertise covering power generation, power station auxiliary equipment and power station services. The Directors regard the Vendor as a trusted supplier of power generation equipment and believe that the Equipment and the related technical services to be procured from the Vendor under the Purchase Agreement will be of assured quality, which will in turn guarantee effective and smooth execution of the Group's business strategy.

On the basis that (1) the gas-fired power generation project can engender the strategic benefits as discussed in the paragraphs headed "Business Development Plans of the Group" above in this section; (2) the project is feasible from a financial perspective as the Group is expected to be able to meet the funding requirements with the available internal resources and external financing, as explained in the paragraphs headed "Implementation Timeline, Business Model and Project Costs" above in this section; and (3) the risks of the Group being unable in the end to obtain and complete all requisite approval, permits, licences and registrations for construction of the power plant or commencement of the power generation business are considered to be minimal for the reasons set forth in the paragraphs headed "Licensing and Approval Requirements and Preparatory Work Undertaken by the Group" above in this section, the Directors consider that the Group's goal of developing its gas-fired power generation business can be actualised, and that such a business development plan (including, without limitation, the Acquisition for the purpose of its implementation under the terms of the Purchase Agreement) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group, as a whole, is principally engaged in the sale of natural gas distributed to end users through pipelines (PNG), liquefied natural gas (LNG) and liquefied petroleum gas (LPG) in Jiaxing, the PRC, provision of construction and installation services in respect of end-user pipeline networks and gas facilities for customers, provision of natural gas transportation services, sale of vapour and construction material, and leasing of properties.

Jiaran Power Equipment is principally engaged in the sales of power facilities and equipment; the sales of mechanical and electrical equipment; the sales of electrical equipment; the repair of electrical equipment; the sales of mechanical equipment; the leasing of mechanical equipment; the maintenance of electronic and mechanical equipment (excluding special equipment); the provision of installation services for general mechanical equipment; the sales of special electronic equipment; and the sales of special electronic materials (except for projects subject to approval in accordance with the law, it may independently carry out business activities in accordance with its business licence).

The Vendor is a limited liability company established under the laws of the PRC, principally engaged in the manufacture, processing, design and sale of power generation equipment, including steam turbines, hydro turbines, gas turbines and other turbomachinery equipment, as well as compressors, fans, pumps and related auxiliary equipment. Its business also covers the manufacture of nuclear power equipment, wind power generation units, solar and renewable energy equipment, industrial control and automation systems, pressure vessels, and the provision of research and development, engineering design, installation, commissioning, retrofit, maintenance and integrated sales services for power stations and related equipment. In addition, the Vendor is engaged in power engineering and municipal infrastructure construction, equipment leasing, transportation and logistics services, motor vehicle repair services and import and export business.

To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, as at the date of this announcement, the Vendor is wholly owned by Dongfang Electric Corporation Limited (東方電氣股份有限公司), a company established under the laws of the PRC and principally engaged in the provision of high-end equipment and related services for energy production and utilization. Its issued H shares are listed on the Main Board of the Stock Exchange (stock code: 1072) and its issued A shares are listed on the Shanghai Stock Exchange (stock code: 600875). The controlling shareholder of Dongfang Electric Corporation Limited (東方電氣股份有限公司) is China Eastern Electric Group Co., Ltd. (中國東方電氣集團有限公司), which is wholly owned by the State Council of the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase Agreement exceed 100%, the entering into of the Purchase Agreement and the transactions contemplated thereunder constitute a very substantial acquisition and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene the EGM during which an ordinary resolution will be proposed to the Shareholders to approve the Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution approving the Purchase Agreement and the transactions contemplated thereunder at the EGM.

A circular including, among other things, (i) a letter from the Board containing further particulars of the Purchase Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM, together with the relevant proxy form, is expected to be despatched to the Shareholders on or before 16 December 2026. The expected despatch date of the circular is more than 15 business days after the date of publication of this announcement, so as to allow sufficient time for preparation and finalisation of the relevant information for inclusion in the circular.

DEFINITIONS

In this announcement, the following terms shall have the meanings set forth below unless otherwise specified or the context requires otherwise:

"Acquisition"	the acquisition of the Equipment by the Company from the Vendor
"Board"	the board of Directors
"Company"	JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司), a joint stock limited liability company established under the laws of the PRC whose issued H shares are listed on the Main Board of the Stock Exchange
"Conditions Precedent"	the conditions precedent to the completion of the Purchase Agreement pursuant to the Purchase Agreement, a summary of which is set forth under the section headed "The Purchase Agreement" in this announcement
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of RMB1,470 million for the Acquisition
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Purchase Agreement and the transactions contemplated thereunder
"Equipment"	two sets of Model M701J combined-cycle power island and associated equipment (M701J聯合循環機島及其附屬設備)
"Group"	collectively, the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Third Party(ies)"	person(s) or company(ies) which is(are) not connected person(s) of the Company
"Jiaran Power Equipment"	Jiaxing Jiaran Power Equipment Co., Ltd.* (嘉興市嘉燃電力裝備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Purchase Agreement"	the agreement dated 17 November 2026 entered into between the Company as buyer and the Vendor as seller in relation to the Acquisition
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the holder(s) of the Share(s) from time to time
"Shares"	the ordinary shares of RMB1.0 each in the share capital of the Company, including both H shares and domestic shares, and a "Share" shall mean each or any of them
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"VAT"	value-added tax
"Vendor"	Dongfang Turbine Co., Ltd. (東方電氣集團東方汽輪機有限公司), a company established under the laws of the PRC
"%"	per cent

Jiaxing, the PRC
17 November 2026

As at the date of this announcement, the Board comprises Mr. Sun Lianqing and Mr. Xu Songqiang as executive Directors; Mr. Yu Jianming, Mr. Zheng Huanli, Mr. Fu Songquan and Ms. Ruan Zeyun as non-executive Directors; and Mr. Yu Youda, Mr. Cheng Hok Kai Frederick and Mr. Zhou Xinfa as independent non-executive Directors.

* *For identification purpose only*