

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huzhou Gas Co., Ltd.\*, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Huzhou Gas Co., Ltd.\***  
**湖州燃气股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6661)**

**CONTINUING CONNECTED TRANSACTIONS  
SUPPLEMENTAL AGREEMENT  
TO MASTER SUPPLY AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
Independent Board Committee and Independent Shareholders**

 **PURPLE TEE CAPITAL LIMITED**  
**普德資本有限公司**

The notice convening the EGM to be held at the meeting room of the Company, 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC on Monday, 15 May 2023 at 10:00 a.m. is set out on pages 27 to 29 of this circular.

A form of proxy for use at the EGM is enclosed herewith and also published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hzrqgf.com>). Shareholders who intend to appoint a proxy to attend the EGM shall complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM (i.e. at or before at 10:00 a.m. on Sunday, 14 May 2023 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion, signing and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof (as the case may be).

References to time and dates in this circular are to Hong Kong time and dates.

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board of Directors” or “Board”	the board of Directors of the Company
“Company”	Huzhou Gas Co., Ltd.* (湖州燃氣股份有限公司), a joint stock limited liability company incorporated in the PRC whose issued H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic invested ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and currently not listed or traded on any stock exchange
“Domestic Shareholder(s)”	holder(s) of the Domestic Share(s)
“EGM”	the extraordinary general meeting of the Company to be convened and held at the meeting room of the Company, 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC at 10:00 a.m. on Monday, 15 May 2023, the notice of which is set out on pages 27 to 29 of this circular, or any adjournment thereof
“ENN (China)”	新奧(中國)燃氣投資有限公司 (Xinao (China) Gas Investment Company Limited*), a limited liability company established under the laws of the PRC, a controlling Shareholder
“Group”	the Company and its subsidiaries
“H Shareholder(s)”	holder(s) of the H Share(s)

\* For identification purpose only

## DEFINITIONS

“H Shares”	overseas listed foreign invested ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the Supplemental Agreement
“Independent Financial Adviser” or “Purple Tee”	Purple Tee Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement
“Independent Shareholders”	Shareholders other than ENN (China)
“Latest Practicable Date”	18 April 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	the master supply agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Ningbo Intercity (for itself and on behalf of its subsidiaries) dated 26 May 2022, pursuant to which the Group shall purchase from Ningbo Intercity, and Ningbo Intercity shall sell to the Group, PNG and liquefied natural gas in the Operating Area for a period from 1 January 2022 to 31 December 2024

## DEFINITIONS

“Ningbo Intercity”	寧波城際能源貿易有限公司 (Ningbo Chengji Energy Trading Company Limited*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of ENN (China) and, unless the context otherwise requires, includes its subsidiaries
“Operating Area”	the operating areas where the Group is granted exclusive right to operate in Wuxing and the Nanxun, as described in the Prospectus
“PNG”	piped natural gas
“PRC”	The People’s Republic of China, but for the purposes of this circular only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 29 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of RMB1.00 each in the capital of the Company, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Shares, comprising Domestic Shareholders(s) and H Shareholder(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Master Supply Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Ningbo Intercity (for itself and on behalf of its subsidiaries) dated 14 March 2023, pursuant to which the parties agreed to change the pricing basis
“%”	per cent

LETTER FROM THE BOARD



**Huzhou Gas Co., Ltd.\***  
**湖州燃气股份有限公司**

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

**(Stock Code: 6661)**

*Executive Directors:*

Mr. Wang Hua (*Chairman*)

Ms. Su Li

Mr. Pan Haiming

*Non-executive Directors:*

Mr. Liu Jianfeng

Ms. Wu Zhanghuan

*Independent Non-executive Directors:*

Mr. Chang Li Hsien Leslie

Dr. Lau Suet Chiu Frederic

Mr. Zhou Xinfu

*Registered office and*

*headquarter in the PRC:*

227 Sizhong Road

Huzhou

Zhejiang Province

PRC

*Principal place of business in Hong Kong:*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon, Hong Kong

24 April 2023

*To the Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
SUPPLEMENTAL AGREEMENT  
TO MASTER SUPPLY AGREEMENT**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 15 March 2023 in relation to the Supplemental Agreement. The purpose of this circular is to provide you with further details of, among other things, (i) details of the Supplemental Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

\* For identification purpose only

## LETTER FROM THE BOARD

### 2. SUPPLEMENTAL AGREEMENT TO MASTER SUPPLY AGREEMENT

Reference is made to the Prospectus in respect of the Master Supply Agreement entered into between Ningbo Intercity and the Company, pursuant to which the Group shall purchase from Ningbo Intercity, and Ningbo Intercity shall sell to the Group, PNG and liquefied natural gas in the Operating Area for a period from 1 January 2022 to 31 December 2024. Under the Master Supply Agreement, the gas price at which Ningbo Intercity charges the Group for the supply of PNG is based on the government-regulated gate price (門站價格) of natural gas.

On 8 December 2022, the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) issued the 《省發展改革委關於天然氣省級門站價格等有關事項的通知》浙發改價格[2022]307號 (Notice of the Provincial Development and Reform Commission on Natural Gas Provincial Gate Station Prices and Other Matters Zhejiang Development Reform Price [2022] No. 307\*) which states that, with the integration of the provincial pipeline network into the national pipeline network and with the view of realising separation of pipeline gas transmission and sales of gas (管銷分離), from 1 April 2023, the provincial gate price of natural gas, which is currently published by the government from time to time, will no longer be published, whereas the pipeline gas transmission price shall remain to be published by the government from time to time.

This change entails that the gas price at which Ningbo Intercity charges the Group for the supply of PNG, which is currently based on the government regulated gate price of natural gas, will no longer be regulated by the government from 1 April 2023 and shall be determined by parties with reference to prevailing market prices.

#### The Supplemental Agreement

On 14 March 2023, the Company entered into the Supplemental Agreement with Ningbo Intercity. Set out below are the principal terms of the Supplemental Agreement:

- |                |   |   |
|----------------|---|---|
| <b>Date</b>    | : | 14 March 2023   |
| <b>Parties</b> | : | (1) the Company (for itself and on behalf of its subsidiaries), as purchaser; and<br>(2) Ningbo Intercity (for itself and on behalf of its subsidiaries), as supplier |

## LETTER FROM THE BOARD

**Subject matter** : The parties agreed to amend the pricing basis of the gas price charged by Ningbo Intercity to the Group for the supply of PNG from Ningbo Intercity to the Group under the Master Supply Agreement with effect from 1 April 2023 from government regulated prices to prices determined between the parties after arm's length negotiations taking into account the specific needs of the Group including the required volume with reference to the prevailing market prices (*Note*).

**Other terms** : The Supplemental Agreement shall become effective on the date of obtaining the approval of the Independent Shareholders at the EGM.

*Note:* The prices to be paid by the Group to Ningbo Intercity shall be determined in accordance with the pricing policy as set out in the paragraph headed "Internal Control and Pricing Policy" below.

Save for the aforementioned change of pricing basis, all other terms of the Master Supply Agreement and the annual caps have not been altered.

### Reasons for and Benefits of the Supplemental Agreement

Ningbo Intercity has been a principal natural gas supplier of the Group since September 2020 as Ningbo Intercity was the designated pilot natural gas supplier for the Group during the early stage of natural gas supply chain reform under the 《關於印發2020年浙江省能源領域體制改革工作要點的通知》浙發改能源[2020]12號 (Notice on Issuing of the Summary of Structural Reforms in Energy Sector in 2020 Zhefagai Energy [2020] No. 12\*) issued by the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) and Zhejiang Energy Regulatory Office of National Energy Administration (浙江省能源局) on 20 January 2020. The Company and Ningbo Intercity entered into the Master Supply Agreement dated 26 May 2022 pursuant to which Ningbo Intercity agreed to supply, among others, PNG to the Group at a gas price based on the government regulated gate price for a period from 1 January 2022 to 31 December 2024. On 8 December 2022, the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) issued the 《省發展改革委關於天然氣省級門站價格等有關事項的通知》浙發改價格 [2022] 307號 (Notice of the Provincial Development and Reform Commission on Natural Gas Provincial Gate Station Prices and Other Matters Zhejiang Development Reform Price [2022] No. 307\*) which states that the gas price will no longer be government regulated from 1 April 2023. In response to this policy change, and taking into account the Group's need for a steady and reliable supply of PNG from Ningbo Intercity, the Company has entered into the Supplemental Agreement with Ningbo Intercity in order to make the consequential change to the pricing term of the Master Supply Agreement such that the gas price at which Ningbo Intercity charges the Group for the supply of PNG from Ningbo Intercity to the Group under the Master

\* For identification purposes only

## LETTER FROM THE BOARD

Supply Agreement shall be at prices determined between the parties after arm's length negotiations taking into account the specific needs of the Group including the required volume with reference to the prevailing market prices.

The Directors (including the independent non-executive Directors), after reviewing the terms of the Supplemental Agreement, are of the view that the Supplemental Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Internal Control and Pricing Policy**

The Group shall implement the following measures to monitor the pricing and other terms of the continuing connected transactions contemplated under the Master Supply Agreement and the Supplemental Agreement:

- (a) to understand the market prices and to ensure that the purchase price and terms offered by Ningbo Intercity to the Group for supply of natural gas are fair and reasonable, on normal commercial terms and comparable to those offered by independent third parties, the Group shall obtain quotations from at least two independent third party suppliers, such as 浙江省能源集團有限公司 (Zhejiang Provincial Energy Group Company Ltd.\*) and 中國石油化工股份有限公司天然氣分公司浙江天然氣銷售中心 (Sinopec Natural Gas Branch Company Zhejiang Natural Gas Sales Centre\*), for the supply of natural gas in similar quantities and price components from time to time but in any case no less than twice a year, once for pricing during the heating season (採暖季) and once for pricing during the non-heating season (非採暖季) pricing. If the quotation of gas price provided by Ningbo Intercity is composed of gas procurement price (which shall be ultimately be retained as revenue by the gas supplier) and pipeline gas transmission price (which will be onward transferred by the gas supplier to the pipeline network company providing the pipeline gas transmission services), the quotations obtained from independent third party suppliers should also have these price components for more direct comparison.

After obtaining the quotations, the Group shall go through an internal contract approval process involving different departments and managers, and the chairman of the Board shall be responsible for making the ultimate decision regarding which supplier to engage for the procurement of the required natural gas in the designated volume. A natural gas procurement contract specific for the transaction will then be entered into, and the executed contract, along with all relevant documents recording the approval process, will be filed for archival purposes;

## LETTER FROM THE BOARD

- (b) the person-in-charge of the finance department will review the table containing the actual transaction amounts and prices compiled by the relevant business unit at least on a monthly basis;
- (c) the connected transactions will be reported to the audit committee of the Company (which comprises all independent non-executive Directors) at least twice a year;
- (d) the audit committee of the Company will review the connected transactions at least twice a year in relation to, among others, whether the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and whether they are carried out in accordance with the relevant agreements and on terms that are fair and reasonable and in the interest of the Shareholders as a whole; and
- (e) through reviewing the information gathered from the finance department of the Company, the external auditor of the Company will report to the Board at least annually on the continuing connected transactions of the Group in relation to, among others, whether the transactions were entered into in accordance with the relevant agreements including the pricing policies and whether the transactions exceeded the annual caps pursuant to the Listing Rules.

The Directors are of the view that the internal control measures above can allow the Company to effectively monitor the transactions under the Master Supply Agreement and the Supplemental Agreement and to ensure that the transactions under the Master Supply Agreement are on normal commercial terms and that the terms of such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Listing Rules Implications**

As at the Latest Practicable Date, Ningbo Intercity was wholly-owned by 新奧燃氣發展有限公司 (Xinao Gas Development Company Limited\*), which is in turn wholly-owned by ENN (China), a controlling Shareholder. As such, Ningbo Intercity is an associate of ENN (China), and hence a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) relating to the largest annual cap for the PNG and liquefied natural gas charges under the Master Supply Agreement exceeds 25%, the transactions contemplated under the Master Supply Agreement are subject to the annual reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* For identification purpose only

## LETTER FROM THE BOARD

At the time of listing of the Company, the Company obtained a waiver from the Stock Exchange from strict compliance with the announcement and independent shareholders' approval requirements in respect of the continuing connected transactions under the Master Supply Agreement pursuant to Rule 14A.105 of the Listing Rules. The proposed change in pricing basis constitutes a material variation of the terms of the Master Supply Agreement and therefore the Company shall re-comply with the announcement and independent shareholders' approval requirements in respect of the Supplemental Agreement and the transactions contemplated thereunder under Chapter 14A of the Listing Rules.

Ms. Su Li, an executive Director, is a director of Ningbo Intercity. For good corporate governance, Ms. Su Li abstained from voting on the board resolution approving the Supplemental Agreement. No Director had a material interest in the Supplemental Agreement and therefore abstained from voting on the board resolution approving the Supplemental Agreement.

### **Information of the Parties to the Supplemental Agreement**

The Group is principally engaged in (i) the sale of gas, mainly PNG (under the concessions) and liquefied natural gas in Huzhou; (ii) 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 (iii) others, including sale of energy, household gas appliances and the leasing of properties in the PRC.

Ningbo Intercity is a company established in the PRC which is primarily engaged in the upstream supply of natural gas. As at the Latest Practicable Date, Ningbo Intercity was wholly-owned by 新奧燃氣發展有限公司 (Xinao Gas Development Company Limited\*), which is in turn wholly-owned by ENN (China). ENN (China) is wholly-owned by ENN Energy Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability which is listed on the Main Board of the Stock Exchange (Stock Code: 2688).

### **3. EGM AND PROXY ARRANGEMENT**

The EGM will be held at the meeting room of the Company, 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC on Monday, 15 May 2023 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages 27 to 29 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

\* For identification purpose only

## LETTER FROM THE BOARD

ENN (China), which held 60,542,460 Domestic Shares as at the Latest Practicable Date, is an indirect holding company of Ningbo Intercity and has a material interest in the Supplemental Agreement and is therefore required to abstain from voting on the relevant resolution to approve the Supplemental Agreement at the EGM, pursuant to Rule 14A.36 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, save as disclosed above, none of the Shareholders are required to abstain from voting on the resolution put to vote at the EGM.

A form of proxy for use at the EGM is enclosed herewith and also published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hzrqgf.com/>). To be valid, for H Shareholders, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of authority or other authorisation documents (if any) under which it is signed or a notarised letter of authority at the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. For Domestic Shareholders, the proxy form(s) should be returned to the Company's registered office in the PRC at 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the EGM (i.e. at or before 10:00 a.m. on Sunday, 14 May 2023 (Hong Kong time)) or any adjournment thereof (as the case may be).

Completion, signing and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be).

#### **4. H SHARE REGISTER OF MEMBERS**

In order to be eligible to attend and vote at the EGM, H Shareholders whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 9 May 2023 (Hong Kong time). Shareholders whose names appear on the Company's register of members on 4:30 p.m. on Tuesday, 9 May 2023 are entitled to attend and vote at the EGM.

#### **5. RECOMMENDATIONS**

The Directors (including the independent non-executive Directors whose views have been formed taking the advice of the Independent Financial Adviser into account) consider that the Supplemental Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

## LETTER FROM THE BOARD

### 6. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 12 to 13 of this circular which contains its advice to the Independent Shareholders regarding the Supplemental Agreement, the letter from the Independent Financial Adviser set out in pages 14 to 24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreement and the principal factors and reasons taken into consideration in arriving at its advice.

### 7. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation in case of any inconsistency.

Yours faithfully,  
For and on behalf of the Board  
**Huzhou Gas Co., Ltd.\***  
**Wang Hua**  
*Chairman*

\* *For identification purpose only*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.*



### Huzhou Gas Co., Ltd.\* 湖州燃气股份有限公司

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

**(Stock Code: 6661)**

24 April 2023

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL AGREEMENT TO MASTER SUPPLY AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 24 April 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider whether the entering into of the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM.

The Independent Financial Adviser has been appointed by the Company to advise us and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 14 to 24 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 12 to 13 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 14 to 24 of the Circular.

\* *For identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered, among other things, the principal factors and reasons underlying the Supplemental Agreement as well as the advice of the Independent Financial Adviser as set out in the Circular, we consider the entering into of the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving Supplemental Agreement set out in the notice of the EGM.

Yours faithfully,  
For and on behalf of  
The Independent Board Committee of  
**Huzhou Gas Co., Ltd.\***

**Chang Li Hsien Leslie**

**Lau Suet Chiu Frederic**

**Zhou Xinfa**

\* *For identification purpose only*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter from Purple Tee Capital Limited to the Independent Board Committee and the Independent Shareholders, which had been prepared for the purpose of inclusion in this circular.*



Purple Tee Capital Limited  
Unit 1503, 15/F  
Office Tower, Convention Plaza  
1 Harbour Road  
Wan Chai, Hong Kong

24 April 2023

*To the Independent Board Committee and the Independent Shareholders of  
Huzhou Gas Co., Ltd.\**

### CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL AGREEMENT TO MASTER SUPPLY AGREEMENT

#### I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 24 April 2023 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the Circular in respect of the Supplemental Agreement entered into between Ningbo Intercity and the Company, pursuant to which the parties agreed to change the pricing basis.

The Master Supply Agreement dated 26 May 2022 had been entered into between the Company (for itself and on behalf of its subsidiaries) and Ningbo Intercity (for itself and on behalf of its subsidiaries), pursuant to which the Group shall purchase from Ningbo Intercity and/or its subsidiaries, and Ningbo Intercity and/or its subsidiaries shall sell to the Group, PNG and liquefied natural gas (the “**LNG**”) in the Operating Area for a period from 1 January 2022 to 31 December 2024.

On 8 December 2022, the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) issued the 《省發展改革委關於天然氣省級門站價格等有關事項的通知》浙發改價格[2022]307號 (Notice of the Provincial Development and Reform Commission on Natural Gas Provincial Gate Station Prices and Other Matters Zhejiang Development Reform Price [2022] No. 307\*) which states that, with the integration of the provincial pipeline network into the national pipeline network and with the view of realising separation of pipeline gas transmission and sales of gas (管銷分離), from 1 April

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2023, the provincial gate price (省級門站價格) of natural gas, which is currently published by the government from time to time, will no longer be published, whereas the pipeline gas transmission price remains to be published by the government from time to time. This change entails that the gas price at which Ningbo Intercity charges the Group for the supply of PNG, which is currently based on the government regulated gate price of natural gas, will no longer be regulated by the government from 1 April 2023.

### II. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Ningbo Intercity is wholly-owned by 新奧燃氣發展有限公司 (Xinao Gas Development Company Limited\*), which is in turn wholly-owned by ENN (China), a controlling Shareholder. As such, Ningbo Intercity is an associate of ENN (China), and hence a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) relating to the largest annual cap for the PNG and LNG charges under the Master Supply Agreement exceeds 25%, the transactions contemplated under the Master Supply Agreement are subject to the annual reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the time of listing of the Company, the Company obtained a waiver from the Stock Exchange from strict compliance with the announcement and independent shareholders' approval requirements in respect of the continuing connected transactions under the Master Supply Agreement (the "**Continuing Connected Transactions**") pursuant to Rule 14A.105 of the Listing Rules. The proposed change in pricing basis constitutes a material variation of the terms of the Master Supply Agreement and therefore the Company shall re-comply with the announcement and independent shareholders' approval requirements in respect of the Supplemental Agreement pursuant to Rule 14A.54 of the Listing Rules.

Ms. Su Li, an executive Director, is a director of Ningbo Intercity. For good corporate governance, Ms. Su Li abstained from voting on the board resolution approving the Supplemental Agreement. No other Director had a material interest in the Supplemental Agreement and therefore abstained from voting on the board resolution approving the Supplemental Agreement.

### III. THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Mr. Zhou Xinfu, to consider whether the entering into the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Supplemental Agreement for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders. Such an appointment has been approved by the Board.

### IV. OUR INDEPENDENCE

As at the date of this letter, we are independent from and not connected with the Group and their respective directors, chief executives, or shareholders, or any of their respective associates. There was no engagement between the Group and us in the previous two years.

Apart from the normal advisory fee payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Supplement Agreement.

### V. BASIS OF THE ADVICE

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs, and representations contained or referred to in the Circular and the information and representations provided to us by the Group and/or the Directors and/or senior management of the Company (the "**Management**"). We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continued to be so as at the date of this letter. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Directors and/or the Management and for which it is/they are solely and wholly responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of this letter. We have also assumed that all the opinions, beliefs and representations made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular and this letter.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us that no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. The documents

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we reviewed include but are not limited to: (i) the Master Supply Agreement; (ii) the Supplemental Agreement; (iii) the Prospectus; and (iv) other information as set out in this letter. We have no reason to suspect the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Directors and/or the Management and their respective advisers or to believe that material information has been withheld from us or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Supplemental Agreement, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### VI. BACKGROUND INFORMATION OF THE GROUP AND NINGBO INTERCITY

#### 1. Principal activities of the Group and Ningbo Intercity

The Group is principally engaged in (i) the sale of gas, mainly PNG (under the concessions) and LNG in Huzhou, the PRC; (ii) 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 (iii) others, including sale of energy, household gas appliances and leasing of properties in the PRC.

Ningbo Chengji Energy Trading Company Limited\* (寧波城際能源貿易有限公司) is primarily engaged in the upstream supply of natural gas. It is a limited liability company established in the PRC on 15 May 2018. As at the Latest Practicable Date, it was wholly-owned by Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司), which was in turn wholly-owned by ENN (China). ENN (China) is wholly-owned by ENN Energy Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability which is listed on the Main Board of the Stock Exchange (Stock Code: 2688).

#### 2. Relationship between the Group and Ningbo Intercity

Since Ningbo Intercity is wholly-owned by Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司), which is in turn wholly-owned by ENN (China), a controlling Shareholder, Ningbo Intercity is an associate of ENN (China) and hence a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules.

As set out in the Prospectus dated 29 June 2022, the Company purchased natural gas from Ningbo Intercity since September 2020 as Ningbo Intercity was the designated pilot natural gas supplier of the Group during the early stage of natural gas supply chain reform under 《關於印發2020年浙江省能源領域體制改革工作要點的通知》浙發改能源[2020]12號》 (Notice on Issuing of the Summary of Structural Reforms in Energy Sector in 2020 Zhefagai Energy [2020] No. 12\*) issued by Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

會) and Zhejiang Energy Regulatory Office of National Energy Administration (浙江省能源局) on 20 January 2020.

As disclosed in the Prospectus, the total purchase amount of PNG and LNG from Ningbo Intercity by the Group amounted to RMB368.9 million and RMB1,104.7 million for the years ended 31 December 2020 and 2021, respectively, accounting for 33.8% and 70.0% for the respective periods. Anticipating that the Group will continue to purchase PNG and LNG from Ningbo Intercity, the Company and Ningbo Intercity entered into the Master Supply Agreement dated 26 May 2022 pursuant to which Ningbo Intercity agreed to supply PNG and LNG to the Group for a period from 1 January 2022 to 31 December 2024, under which the supply of PNG shall be charged at prices determined based on the government regulated price.

### VII. PRINCIPAL FACTORS AND REASONS CONSIDERED

#### 1. Reasons for and benefits of entering into the Supplemental Agreement

As discussed in the Letter from the Board, Ningbo Intercity has been a principal natural gas supplier of the Group since September 2020. On 8 December 2022, the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) issued the 《省發展改革委關於天然氣省級門站價格等有關事項的通知》浙發改價格[2022]307號 (Notice of the Provincial Development and Reform Commission on Natural Gas Provincial Gate Station Prices and Other Matters Zhejiang Development Reform Price [2022] No. 307\*) which states that the gas price will no longer be government regulated from 1 April 2023. In response to this policy change, and taking into account the Group's need for a steady and reliable supply of PNG from Ningbo Intercity, the Company has entered into the Supplemental Agreement with Ningbo Intercity in order to make the consequential change to the pricing basis of the Master Supply Agreement such that the supply of PNG from Ningbo Intercity to the Group under the Master Supply Agreement shall be at prices determined between the parties after arm's length negotiations taking into account the specific needs of the Group including the required volume with reference to the prevailing market prices.

Having considered (i) the established business relationship between the Group and Ningbo Intercity who is one of the major gas suppliers of the Group, (ii) the ongoing needs for a steady and reliable PNG supply from Ningbo Intercity to support its sales business, and (iii) that the revision of pricing basis was primarily made in response to the change of the government policies, we concur with the Directors' view that the Supplemental Agreement has been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 2. Principal terms of the Supplemental Agreement

The following information has been extracted from the Letter from the Board:

- Date** : 14 March 2023
- Parties** : (1) the Company (for itself and on behalf of its subsidiaries), as purchaser; and  
(2) Ningbo Intercity (for itself and on behalf of its subsidiaries), as supplier
- Subject matter** : The parties agreed to amend the pricing basis of gas price charged by Ningbo Intercity to the Group for the supply of PNG from Ningbo Intercity to the Group under the Master Supply Agreement with effect from 1 April 2023 from government regulated prices to prices determined between the parties after arm's length negotiations taking into account the specific needs of the Group including the required volume with reference to the prevailing market prices (*Note*).
- Other terms** : The Supplemental Agreement shall become effective on the date of obtaining the approval of the Independent Shareholders at the EGM.

*Note:* The prices to be paid by the Group to Ningbo Intercity shall be determined in accordance with the pricing policy as set out in the paragraph headed "Internal control and pricing policy" below.

Save for the aforementioned change of pricing basis, all other terms of the Master Supply Agreement and the annual caps have not been altered.

### 3. Analysis on the pricing basis under the Supplemental Agreement

Pursuant to the Supplemental Agreement, with effect from 1 April 2023, the purchase price of PNG between the Group and Ningbo City will be determined between the parties after arm's length negotiations taking into account the specific needs of the Group including the required volume with reference to the prevailing market prices. To ensure that the purchase price and terms offered by Ningbo Intercity to the Group are fair and reasonable, on normal commercial terms and comparable to those offered by independent third parties, the Group shall obtain quotes from independent third party suppliers for supply of PNG in similar quantities from time to time to understand the market prices.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to assess whether the revised pricing basis is on normal commercial terms, and fair and reasonable, we have performed the following works:

*(a) Master Supply Agreement and the Supplemental Agreement*

We have reviewed the principal terms of the Master Supply Agreement and the Supplemental Agreement, and noted that save for the revision of pricing basis, all other terms of the Master Supply Agreement shall remain valid and in full force and effect.

*(b) Government policies*

We have reviewed the relevant government policies including (i) 《關於印發2020年浙江省能源領域體制改革工作要點的通知》浙發改能源[2020]12號 (Notice on Issuing of the Summary of Structural Reforms in Energy Sector in 2020 Zhefagai Energy [2020] No. 12\*) issued by the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) and Zhejiang Energy Regulatory Office of National Energy Administration (浙江省能源局) on 20 January 2020 and (ii) 《省發展改革委關於天然氣省級門站價格等有關事項的通知》浙發改價格[2022]307號 (Notice of the Provincial Development and Reform Commission on Natural Gas Provincial Gate Station Prices and Other Matters Zhejiang Development Reform Price [2022] No. 307\*) issued by the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) on 8 December 2022, and cross-checked to the pricing basis set out in the Master Supply Agreement and the Supplemental Agreement. We noted that the pricing basis as set out in the respective Master Supply Agreement and Supplemental Agreement were in line with the then government policies, and we considered that the revision of pricing basis under the Supplemental Agreement was primarily a result of government policy change.

*(c) Market practice in relation to the pricing basis*

In order to assess whether the revised pricing basis adopted by the Company under the Supplemental Agreement is in line with the market practice, we have checked with the pricing basis adopted by other companies (“**Comparable Companies**”) which are (i) listed on the Stock Exchange; and (ii) principally engaged in sales of natural gas and related products in the PRC. We, based on our best endeavor and as far as we are aware, have identified two Comparable Companies, who are both leading companies in the natural gas industry, as set out below:

- (i) CNOOC Limited (stock code: 883), as set out in the circular of CNOOC Limited dated 11 November 2022, entered into an agreement in respect of the supply of petroleum and natural gas products and green power products, the pricing of which shall be determined by the sequential order: (a) government-prescribed price; or (b) where there is no government-prescribed price, in

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accordance with market prices, including local, national or international market prices.

- (ii) Kunlun Energy Company Limited (“**Kunlun Energy**”, stock code: 135), as set out in the circular of Kunlun Energy dated 5 October 2020, entered an agreement with China National Petroleum Corporation (“**CNPC**”) in respect of the sale of crude oil, natural gas, refined oil products, chemical products and other related or similar products, the pricing of which shall be based on the following general principles: adopt government-prescribed prices where available, or if no government-prescribed prices are available, the price to be paid by CNPC shall not exceed the best price among all the prices as offered by all the independent third parties in the relevant market or nearby market in the ordinary course of business.

Based on our review, we noted that the Comparable Companies adopted a similar pricing basis as that of the Company, which (i) makes reference to the government-prescribed/regulated prices when such are available, or (ii) makes reference to the market prices where no government-prescribed/regulated prices are available. Taking into account the above, we therefore conclude that the revised pricing basis under the Supplemental Agreement is on normal commercial terms, fair and reasonable and in line with market practice.

### *(d) Internal control and pricing policy*

As set out in the Letter from the Board, the Group shall implement the following measures to monitor the pricing and other terms of the Continuing Connected Transactions contemplated under the Master Supply Agreement and the Supplemental Agreement:

- (i) to understand the market prices and to ensure that the purchase price and terms offered by Ningbo Intercity to the Group for supply of natural gas are fair and reasonable, on normal commercial terms and comparable to those offered by independent third parties, the Group shall obtain quotations from at least two independent third party suppliers, such as 浙江省能源集團有限公司 (Zhejiang Provincial Energy Group Company Ltd.\*) and 中國石油化工股份有限公司天然氣分公司浙江天然氣銷售中心 (Sinopec Natural Gas Branch Company Zhejiang Natural Gas Sales Centre\*), for the supply of natural gas in similar quantities and price components from time to time but in any case no less than twice a year, once for pricing during the heating season (採暖季) and once for pricing during the non-heating season (非採暖季) pricing. If the quotation of gas price provided by Ningbo Intercity is composed of gas procurement price (which shall be ultimately be retained as revenue by the gas supplier) and pipeline gas

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

transmission price (which will be onward transferred by the gas supplier to the pipeline network company providing the pipeline gas transmission services), the quotations obtained from independent third party suppliers should also have these price components for more direct comparison.

After obtaining the quotations, the Group shall go through an internal contract approval process involving different departments and managers, and the chairman of the Board shall be responsible for making the ultimate decision regarding which supplier to engage for the procurement of the required natural gas in the designated volume. A natural gas procurement contract specific for the transaction will then be entered into, and the executed contract, along with all relevant documents recording the approval process, will be filed for archival purposes;

- (ii) the person-in-charge of the finance department will review the table containing the actual transaction amounts and prices compiled by the relevant business unit at least on a monthly basis;
- (iii) the connected transactions will be reported to the audit committee of the Company (which comprises all independent non-executive Directors) at least twice a year;
- (iv) the audit committee of the Company will review the connected transactions at least twice a year in relation to, among others, whether the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and whether they are carried out in accordance with the relevant agreements and on terms that are fair and reasonable and in the interest of the Shareholders as a whole; and
- (v) through reviewing the information gathered from the finance department of the Company, the external auditor of the Company will report to the Board at least annually on the continuing connected transactions of the Group in relation to, among others, whether the transactions were entered into in accordance with the relevant agreements including the pricing policies.

In assessing whether the above internal control measures and pricing policy are put in place and effectively implemented, we have obtained and reviewed the internal policies and procedures governing the connected transactions of the Group (including the Group's transactions with Ningbo Intercity).

Further, for the period from 1 January 2022 to the Latest Practicable Date (the "Review Period"), we have, on a random sampling basis, obtained and reviewed six samples of documentations regarding the approval of purchase

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

transactions for natural gas products, the prices of which were determined with reference to the prevailing market prices (the “**Sample Review**”). The six samples of documentations comprised of (i) one sample with respect to the purchase transactions with Ningbo Intercity, and (ii) five samples with respect to the purchase transactions with independent third party suppliers, with each of which including the quotation from the subject supplier, quotations from the other suppliers regarding the same product on similar quantities, a price comparison report with approval records, the executed purchase agreement and the invoice. Based on our review, we noted that for each purchase transaction, the Group determined the purchase price with the subject supplier by comparing with the prices offered by at least two other suppliers in the then prevailing market. The purchase price determined between the Group and the supplier has been properly reviewed and approved by the purchasing department, finance department, and the Management (including the chairman of the Board).

Regarding the selection basis, we have obtained a complete list of the Group’s purchase transactions for natural gas products (including PNG and LNG) for the Review Period. Based on our discussion with the Management and our review work, we noted that (i) the purchase prices of PNG with suppliers during the Review Period were primarily government regulated, and (ii) there was only one purchase transaction of LNG with Ningbo Intercity where the price was determined with reference to the prevailing market price. As such, in assessing the internal control effectiveness towards transactions referencing market prices, five samples of LNG purchases with independent third party suppliers and the said sample of LNG purchase with Ningbo Intercity have been selected by us for conducting the Sample Review.

As the selected transactions (i) covered different months for the Review Period from 1 January 2022 to the Latest Practicable Date, (ii) involved six natural gas purchase transactions which are similar to the transactions under the Master Supply Agreement and the Supplemental Agreement, and (iii) were selected on a random sampling basis based on a complete list of purchase transactions, we considered the sampling criteria and basis we adopted for review to be appropriate, fair and representative for the purposes of our assessment.

Having considered that (i) the Group conducts regular price review to keep abreast of the prevailing market price for ensuring the purchase price and terms offered by connected persons (including Ningbo Intercity) to the Group are fair and reasonable, and on normal commercial terms and comparable to those with independent third party suppliers; (ii) the Group maintains clear segregation of duties in respect of execution, checking and authorisation by designating different personnel or teams for the assessment, review and approval of Continuing Connected Transactions and the ongoing monitoring thereof; and (iii) based on our Sample Review, we noted that the Group generally adopted proper price comparison procedure and approval process in its price determination towards purchase transactions, we

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

considered that the internal control policies and procedures are effective and in place, which provide reasonable assurance that the conduct of the Continuing Connected Transactions (including the price determination) would be monitored and governed by approval(s) from relevant management level and in compliance with the terms and conditions as stated in the Master Supply Agreement and Supplemental Agreement, and fair and reasonable and in the interests of the Shareholders as a whole.

### VIII. RECOMMENDATION

In consideration of the above, we are of the view that the entering into the Supplemental Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions for approving the Supplemental Agreement.

Yours faithfully,  
For and on behalf of  
**Purple Tee Capital Limited**  
**Duncan Cheung**    **Charmaine Wai**  
*Managing Director*    *Director*

*Mr. Duncan Cheung is a licensed person registered with the Securities and Futures Commission and a responsible officer of Purple Tee Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the law of Hong Kong) and has over 10 years of experience in corporate finance industry.*

*Ms. Charmaine Wai is a licensed person registered with the Securities and Futures Commission and a responsible officer of Purple Tee Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the law of Hong Kong) and has over 10 years of experience in corporate finance industry.*

\* For identification purposes only

## GENERAL INFORMATION

### 1. Responsibility Statement

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters and omission of which would make any statement herein or this circular misleading.

### 2. Disclosure of Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as known to the Directors of the Company, none of the Directors, supervisors of the Company and chief executive of the Company had interests and short positions of in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

### 3. Directors' Interest in Assets and Contracts

None of the Directors or supervisors of the Company had any interest, direct or indirect, in any assets which have been since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

None of the Directors or supervisors of the Company was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

### 4. Service Agreements

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had a service contract with any member of the Group which was not determinable by the Company or the relevant members of the Group within one year without payment of compensation other than statutory compensation.

### 5. Material Adverse Change

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

## GENERAL INFORMATION

### 6. Competing Interest

As at the Latest Practicable Date, none of the Directors and his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group which would otherwise be required to be disclosed under Rule 8.10 of the Listing Rules if any of such Directors or his associates was a controlling Shareholder.

### 7. Qualification and Consent of Expert

The following are the qualifications of the expert who has given opinion or, advice contained in this circular:

Name	Qualification
Purple Tee	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Purple Tee has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, Purple Tee was not beneficially interested in any share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and did not have any direct or indirect interest in any assets which since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to, or was proposed to be acquired or disposed of by, or leased to any member of the Group.

### 8. Documents on Display

A copy of each of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hzrqgf.com>) from the date of this circular up to and including the date of the EGM for at least 14 days:

- (a) the Master Supply Agreement; and
- (b) the Supplemental Agreement.

### 9. Miscellaneous

The English text of this circular shall prevail over its Chinese text.

## NOTICE OF THE EGM



### Huzhou Gas Co., Ltd.\* 湖州燃气股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 6661)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Huzhou Gas Co., Ltd.\* (湖州燃气股份有限公司) (the “**Company**”) will be held at the meeting room of the Company, 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC on Monday, 15 May 2023 at 10:00 a.m. to consider, and if thought fit, pass (with or without amendments or supplements) the following resolution (unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 24 April 2023 (the “**Circular**”)):

#### ORDINARY RESOLUTION

1. To confirm, approve and ratify the supplemental agreement dated 14 March 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and 寧波城際能源貿易有限公司 (Ningbo Chengji Energy Trading Company Limited\*) (for itself and on behalf of its subsidiaries) and any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him for the purpose of giving effect to and/or to implement the transactions contemplated under the aforementioned agreement.

Yours faithfully,  
For and on behalf of the Board  
**Huzhou Gas Co., Ltd.\***  
**Wang Hua**  
*Chairman*

Huzhou City, Zhejiang Province, the PRC, 24 April 2023

\* For identification purpose only

## NOTICE OF THE EGM

*Notes:*

1. In order to be eligible to attend and vote at the EGM, H Shareholders whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 9 May 2023 (Hong Kong time). Shareholders whose names appear on the Company's register of members at 4:30 p.m. on Tuesday, 9 May 2023 are entitled to attend and vote at the EGM.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. Where a shareholder appoints more than one proxy, his proxies can only vote on a poll.
3. A form of proxy for use at the EGM is enclosed herewith. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised. If the shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised executive officer(s) or duly authorised attorney(ies). If that instrument is signed by an attorney of a shareholder, the power of attorney or other document authorising that attorney to sign must be notarised.
4. In order to be valid, the form of proxy together with the notarised power of attorney or other authorisation document (if any) must be deposited at the Company's registered office in the PRC (for Domestic Shareholders) or at the Company's H share registrar, Tricor Investor Services Limited (for H Shareholders) not less than 24 hours before the time fixed for the meeting (i.e. not later than 10:00 a.m. on Sunday, 14 May 2023 (Hong Kong time)).
5. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the form of proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the EGM.
6. The address and contact details of the Company's H share registrar, Tricor Investor Services Limited, are as follows:  
  
As to the transfer documents:  
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  
  
As to the form of proxy:  
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  
Telephone No.: (+852) 2980 1333  
Facsimile No.: (+852) 2810 8185
7. The address of the Company's registered office in the PRC and the contact details of the regular contact person for the EGM are as follows:  
  
227 Sizhong road, Huzhou, Zhejiang Province, the PRC  
Telephone No.: (+86) 0572-2716820  
Fax: (+86) 0572-2716815  
Name: Tang Chunhui
8. In accordance with the Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, and this notice, when served on such person, shall be deemed to have been given to all joint holders of such share.
9. The EGM is expected to be concluded within half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses.
10. Shareholders or their proxies shall produce their identification documents for inspection when attending the EGM.

## NOTICE OF THE EGM

11. All resolution(s) at the meeting will be taken by poll pursuant to the Listing Rules. The chairman of the Board of Directors may demand poll for voting pursuant to the Articles of Association. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.hzrqgf.com/>) in accordance with the Listing Rules.

*As at the date of this notice, the Board comprises Mr. Wang Hua, Ms. Su Li and Mr. Pan Haiming as executive Directors; Mr. Liu Jianfeng and Ms. Wu Zhanghuan as non-executive Directors; and Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Mr. Zhou Xinfu as independent non-executive Directors.*