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湖州燃气股份有限公司

Huzhou Gas Co., Ltd.*

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

(Stock Code: 6661)

- (A) CONTINUING CONNECTED TRANSACTIONS:**
- (1) 2023-2025 SUPPLY FRAMEWORK AGREEMENT;**
 - (2) 2023-2025 STEAM SUPPLY FRAMEWORK AGREEMENT;**
 - (3) 2023-2025 SERVICE FRAMEWORK AGREEMENT;**
 - (4) 2023-2025 GAS APPLIANCES FRAMEWORK AGREEMENT;**
 - (5) 2024-2026 GAS PIPELINE CONSTRUCTION FRAMEWORK AGREEMENT;**
 - (6) 2024-2026 PHOTOVOLTAIC AND ELECTRICITY STORAGE SERVICE COOPERATION FRAMEWORK AGREEMENT;**
- AND**
- (B) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

(A) CONTINUING CONNECTED TRANSACTIONS

(1) 2023-2025 SUPPLY FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Supply Framework Agreement with City Group, pursuant to which the Group agreed to sell to City Group, and City Group agreed to purchase from the Group, certain goods and services for the term from 12 September 2023 to 31 December 2025.

(2) 2023-2025 STEAM SUPPLY FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Steam Supply Framework Agreement with City Group, pursuant to which the Group agreed to purchase from City Group, and City Group agreed to supply to the Group, steam for the term from 12 September 2023 to 31 December 2025.

(3) 2023-2025 SERVICE FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Service Framework Agreement with Xinao Brokers in relation to the provision of various services by the Group to designated customers of Xinao Brokers for the term from 12 September 2023 to 31 December 2025.

(4) 2023-2025 GAS APPLIANCES FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Gas Appliances Framework Agreement with Nanjing Xinao Technology, pursuant to which the Group agreed to purchase from Nanjing Xinao Technology, and Nanjing Xinao Technology agreed to sell to the Group, gas appliances for the term from 12 September 2023 to 31 December 2025.

(5) 2024-2026 GAS PIPELINE CONSTRUCTION FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2024-2026 Gas Pipeline Construction Framework Agreement with City Group, pursuant to which the Group, as supplier, agreed to provide gas pipeline construction and installation services for real estate development projects undertaken by City Group in the Operating Area for the term commencing from 1 January 2024 to 31 December 2026.

(6) 2024-2026 PHOTOVOLTAIC AND ELECTRICITY STORAGE SERVICE COOPERATION FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement with City Group, pursuant to which (i) the Group is permitted to install distributed photovoltaic systems in properties owned by City Group, and the Group agreed to first supply the electricity generated by such system to City Group before the Group sells any unutilised electricity generated by such system to the State Grid Corporation of China (國家電網公司); and (ii) the Group agreed to provide electricity storage services to City Group with respect to City Group's specific needs. The term of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement is from 1 January 2024 to 31 December 2026.

LISTING RULES IMPLICATIONS

As at the date of this announcement, City Group is a controlling Shareholder, and hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

As at the date of this announcement, Nanjing Xinao Technology 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 substantial Shareholder. As such, Nanjing Xinao Technology 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 largest annual cap for the transactions contemplated under the (i) 2023-2025 Supply Framework Agreement, (ii) 2023-2025 Steam Supply Framework Agreement, (iii) 2023-2025 Gas Appliances Framework Agreement, (iv) 2024-2026 Gas Pipeline Construction Framework Agreement and (v) 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement exceeds HK\$3 million but the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the transactions contemplated under these agreements are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Xinao Brokers is a wholly-owned subsidiary of ENN Group, a controlling shareholder of non-wholly owned subsidiaries of the Company which are not insignificant subsidiaries, Xinao Brokers is therefore a connected person of the Company at the subsidiary level.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the largest annual cap for the transactions contemplated under the 2023-2025 Service Framework Agreement exceed 1% but are all below 5%, the transactions contemplated under the 2023-2025 Service Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

This announcement is made by the Company pursuant to Rule 13.51(1) of the Listing Rules.

The Board proposes to make certain amendments to the Articles of Association and to adopt the New Articles of Association incorporating amendments, with a view to removing the articles that have become obsolete due to the repeal of the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council on 4 August 1994 and the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System (each as amended, supplemented or otherwise modified from time to time), bringing the Articles of Association overall into line with the Guidelines for the Articles of Association of Listed Companies issued by the China Securities Regulatory Commission, satisfying the requirements under the constitution of the Chinese Communist Party, updating the scope of business of the Company, and making other consequential and housekeeping amendments to the Articles of Association.

(A) CONTINUING CONNECTED TRANSACTIONS

(1) 2023-2025 SUPPLY FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Supply Framework Agreement with City Group, pursuant to which the Group agreed to sell to City Group, and City Group agreed to purchase from the Group, certain goods and services for the term from 12 September 2023 to 31 December 2025.

The principal terms of the 2023-2025 Supply Framework Agreement are as follows:

Date:	12 September 2023
Parties:	(1) the Company (for itself and on behalf of its subsidiaries), as supplier; and (2) City Group (for itself and on behalf of its subsidiaries), as purchaser
Term:	12 September 2023 to 31 December 2025
Nature of transaction:	The Group shall sell, and City Group shall purchase from the Group, goods and services, including but not limited to: (i) safety and protection products; (ii) gas stoves; (iii) air energy; (iv) gas facilities maintenance; (v) kitchen cleaning; and (vi) insurance services.
Pricing basis:	The detailed terms and conditions such as the manner of payment, price, quantity and delivery arrangements shall be determined in specific agreements to be made between the Group and City Group. The unit price for the goods and services payable under each separate agreement shall be set by the Group with reference to the prevailing market prices for the comparable goods and services sold by independent third parties and shall be no more favourable than those offered by the Group to independent third party customers, taking into account factors such as the types and volume of goods and services etc.

Historical Transaction Amount

For the year ended 31 December 2022 and the seven months ended 31 July 2023, the historical transaction amounts incurred by City Group in relation to the purchase of goods and services from the Group were approximately RMB2.0 million and RMB1.5 million. There was no historical amount for the purchase of goods and services from the Group prior to 1 January 2022.

Annual Cap and its Basis

The annual aggregate maximum amounts of purchase price to be payable by City Group to the Group for the transactions contemplated under the 2023-2025 Supply Framework Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB15 million, RMB20 million and RMB18 million, respectively.

The annual caps are determined with reference to (i) the historical transaction amount as set out above; (ii) the prevailing market prices for the comparable goods and services; and (iii) the expected changes in demand of goods and services by City Group based on the timeline of completion of construction of the properties developed by City Group.

Reasons for and Benefits of the 2023-2025 Supply Framework Agreement

The Group has historically, from time to time during the ordinary and usual course of business, sold certain goods and services, such as stoves and household alarms to City Group for its real estate projects. The Group has sold goods and services to City Group during the ordinary and usual course of business primarily because (i) the Group's extensive line of goods and services are able to match the needs of City Group; and (ii) the Group is able to provide City Group with steady and high quality products at a competitive price. City Group is a relatively influential local enterprise with a wide range of businesses, and cooperation between the two parties will be conducive to mutual development.

The Directors (including the independent non-executive Directors), after reviewing the terms of the 2023-2025 Supply Framework Agreement, are of the view that the 2023-2025 Supply Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and that the terms of the 2023-2025 Supply Framework Agreement as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties to the 2023-2025 Supply Framework Agreement

The Group is principally engaged in (i) the sale of gas, mainly piped natural gas (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 the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties in the PRC.

As at the date of this announcement, City Group is a state-owned enterprise established under the laws of the PRC which is principally engaged in urban infrastructure investment and construction in Huzhou and is directly wholly-owned by 湖州市人民政府國有資產監督管理委員會 (Huzhou People's Government State-owned Assets Supervision and Administration Commission*), a PRC government body.

Listing Rules Implications

As at the date of this announcement, City Group is a controlling Shareholder, and hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

As at the date of this announcement, Mr. Pan Haiming, an executive Director, holds management position in City Group. For good corporate governance, Mr. Pan Haiming has abstained from voting on the relevant Board resolution approving the 2023-2025 Supply Framework Agreement. None of the Directors has a material interest in the transactions contemplated under the 2023-2025 Supply Framework Agreement and therefore had to abstain from voting on the relevant Board resolution.

Since the largest annual cap for the transactions contemplated under the 2023-2025 Supply Framework Agreement exceeds HK\$3 million but the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the transactions contemplated under the 2023-2025 Supply Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) 2023-2025 STEAM SUPPLY FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Steam Supply Framework Agreement with City Group, pursuant to which the Group agreed to purchase from City Group, and City Group agreed to supply to the Group, steam for the term from 12 September 2023 to 31 December 2025.

The principal terms of the 2023-2025 Steam Supply Framework Agreement are as follows:

Date:	12 September 2023
Parties:	(1) the Company (for itself and on behalf of its subsidiaries), as purchaser; and (2) City Group (for itself and on behalf of its subsidiaries), as supplier
Term:	12 September 2023 to 31 December 2025
Nature of transaction:	The Group shall purchase, and City Group shall supply to the Group, steam according to the requirements of the Group's steam consumption parameters where the steam pressure that reaches the Group metering port shall be 1.0 ± 0.1 MPa, and the temperature shall be 179 ± 10 °C .

Pricing basis:

The detailed terms and conditions such as the manner of payment, volume and delivery arrangements shall be determined in specific agreements to be made between the Group and City Group.

The unit price for steam procurement payable under each separate agreement shall be RMB140 per tonne, which was determined by the Group and City Group after arm's length negotiations with respect to the Group's specific needs of steam with reference to the prevailing relevant market prices. The Group shall obtain quotations from at least two independent third party suppliers to understand the prevailing market prices for the comparable products to ensure that the terms and conditions of the transactions contemplated under the 2023-2025 Steam Supply Framework Agreement are no less favourable than those offered by independent third party suppliers to the Group.

Historical Transaction Amount

For the seven months ended 31 July 2023, the historical transaction amounts incurred by the Group in relation to the purchase of the steam from City Group were approximately RMB1.1 million. There was no historical amount for the purchase of the steam from City Group prior to 1 January 2023.

Annual Cap and its Basis

The annual aggregate maximum amounts of purchase price to be payable by the Group to City Group for the transactions contemplated under the 2023-2025 Steam Supply Framework Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB5 million, RMB5 million and RMB5 million, respectively.

The annual caps are determined with reference to (i) the historical transaction amount as set out above; (ii) the prevailing market prices for the comparable products; and (iii) the expected demand of steam by the Group's downstream customers. The payments under the 2023-2025 Steam Supply Framework Agreement are expected to be financed by the internal resources of the Group.

Reasons for and Benefits of the 2023-2025 Steam Supply Framework Agreement

The Group started the business to sell steam to a downstream customer of the Group which is a third party independent from the Company and its connected persons during the six months ended 30 June 2023. The Group has purchased steam from City Group for selling to this downstream customer of the Group during the ordinary and usual course of business primarily because (i) City Group has offered the Group a competitive price for similar products; and (ii) City Group has provided the Group with steady supply of steam in the past.

The Directors (including the independent non-executive Directors), after reviewing the terms of the 2023-2025 Steam Supply Framework Agreement, are of the view that the 2023-2025 Steam Supply Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and that the terms of the 2023-2025 Steam Supply Framework Agreement as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties to the 2023-2025 Steam Supply Framework Agreement

Information about the Group and City Group is set out in the paragraph headed “(1) Continuing Connected Transactions in relation to 2023-2025 Supply Framework Agreement-Information about the Parties to the 2023-2025 Supply Framework Agreement” in this announcement.

Listing Rules Implications

As at the date of this announcement, City Group is a controlling Shareholder, and hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

As at the date of this announcement, Mr. Pan Haiming, an executive Director, holds management position in City Group. For good corporate governance, Mr. Pan Haiming has abstained from voting on the relevant Board resolution approving the 2023-2025 Supply Framework Agreement. None of the Directors has a material interest in the transactions contemplated under the 2023-2025 Steam Supply Framework Agreement and therefore has to abstain from voting on the relevant Board resolution.

Since the largest annual cap for the transactions contemplated under the 2023-2025 Steam Supply Framework Agreement exceeds HK\$3 million but the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the transactions contemplated under the 2023-2025 Steam Supply Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) 2023-2025 SERVICE FRAMEWORK AGREEMENT

On 12 September 2023, the Company entered into the 2023-2025 Service Framework Agreement with Xinao Brokers in relation to the provision of various services by the Group to designated customers of Xinao Brokers for the term from 12 September 2023 to 31 December 2025.

The principal terms of the 2023-2025 Service Framework Agreement are as follows:

- Date:** 12 September 2023
- Parties:**
- (1) the Company (for itself and on behalf of its subsidiaries); and
 - (2) Xinao Brokers (for itself and on behalf of its subsidiaries)
- Term:** 12 September 2023 to 31 December 2025
- Nature of transaction:** The Group shall provide onsite services to designated customers of Xinao Brokers based on the customer list provided by Xinao Brokers. The scope of services shall include, but not limited to:
- (1) Offering gas usage safety education, covering self-rescue or rescue methods for common household gas accidents;
 - (2) Responding to customer enquiries in relation to gas usage and safety;
 - (3) Performing safety inspection and testing of gas equipment and appliances, safety inspection of indoor gas pipelines, and providing usage recommendations to customers with potential safety hazards; and
 - (4) Promoting disaster and loss prevention insurance.

Pricing basis:

The detailed terms and conditions such as the manner of payment and scope of services shall be determined in specific agreements to be made between the Group and Xinao Brokers.

The service fee payable by Xinao Brokers under the 2023-2025 Service Framework Agreement shall be calculated based on the sum of the unit price of respective customer multiplied by the respective service frequency. The unit price for each customer of Xinao Brokers under each separate agreement shall range from RMB11 to RMB220 per residential customer, from RMB90 to RMB15,000 per commercial customer, and from RMB300 to RMB15,000 per industrial customer as stipulated in the 2023-2025 Service Framework Agreement, and to be agreed on a case-by-case basis for other customers not listed in the 2023-2025 Service Framework Agreement.

Any changes in the unit price shall be confirmed in writing by the Company and Xinao Brokers. If there is any ancillary services, terms and conditions in the written confirmation duly executed by the Company and Xinao Brokers shall prevail.

Historical Transaction Amount

For the three years ended 31 December 2020, 2021 and 2022 and the seven months ended 31 July 2023, the historical transaction amounts incurred by Xinao Brokers in relation to the provision of onsite services by the Group were approximately RMB4.6 million, RMB5.5 million, RMB4.7 million and RMB3.7 million, respectively.

Annual Cap and its Basis

The annual aggregate maximum amounts of fee to be payable by Xinao Brokers to the Group for the transactions contemplated under the 2023-2025 Service Framework Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB8.0 million, RMB10.2 million and RMB12.1 million, respectively.

The annual caps are determined with reference to (i) the historical transaction amount as set out above; (ii) the prevailing market prices for the comparable services; and (iii) the expected demand of services by the Xinao Broker's customers.

Reasons for and Benefits of the 2023-2025 Service Framework Agreement

As an extension to the Group's sales of natural gas business, the Group has been cooperating with Xinao Brokers by referring the Group's customers to Xinao Insurance for the purchase of natural gas insurance products upon the request by the Group's customers. The provision of onsite services to designated customers of Xinao Brokers under the 2023-2025 Service Framework Agreement will further enhance collaboration and creates synergy between the businesses of the Group and Xinao Brokers, and provide an additional source of income for the Group.

The Directors (including the independent non-executive Directors), after reviewing the terms of the 2023-2025 Service Framework Agreement, are of the view that the 2023-2025 Service Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and that the terms of the 2023-2025 Service Framework Agreement as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties to the 2023-2025 Service Framework Agreement

Information about the Group is set out in the paragraph headed “(1) Continuing Connected Transactions in relation to 2023-2025 Supply Framework Agreement – Information about the Parties to the 2023-2025 Supply Framework Agreement” in this announcement.

Xinao Brokers is a company established under the laws of the PRC which is principally engaged in the provision of insurance related services. Based on publicly available information, as at the date of this announcement, Xinao Brokers is wholly-owned by 新奧集團股份有限公司 (ENN Group Co., Ltd.*) (“**ENN Group**”), a controlling shareholder of 湖州南潯新奧燃氣有限公司 (Huzhou Nanxun Xinao Gas Company Limited*) and 湖州南潯新奧燃氣發展有限公司 (Huzhou Nanxun Xinao Gas Development Company Limited*), which are non-wholly owned subsidiaries of the Company that do not fall under the definition of insignificant subsidiaries (as defined under the Listing Rules) of the Company. As at the date of this announcement, ENN Group is a limited liability company established under the laws of the PRC and is ultimately owned as to approximately 99.7% by Mr. Wang Yusuo and his spouse Ms. Zhao Baoju, and owned as to approximately 0.3% by 21 other individuals who are, to the best knowledge and belief of the Directors after making due enquiries, parties independent of the Company and its connected persons.

Listing Rules Implications

As Xinao Brokers is a wholly-owned subsidiary of ENN Group, a controlling shareholder of non-wholly owned subsidiaries of the Company which are not insignificant subsidiaries, Xinao Brokers is therefore a connected person of the Company at the subsidiary level.

None of the Directors has a material interest in the transactions contemplated under the 2023-2025 Service Framework Agreement and none of them has abstained from voting on the relevant Board resolution.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the largest annual cap for the transactions contemplated under the 2023-2025 Service Framework Agreement exceed 1% but are all below 5%, the transactions contemplated under the 2023-2025 Service Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(4) 2023-2025 GAS APPLIANCES FRAMEWORK AGREEMENT

Reference is made to the Prospectus in respect of the gas appliances sale and purchase agreement dated 29 December 2021 entered into between the Company and Nanjing Xinao Technology. In light of the fact that the gas appliances sale and purchase agreement for the term from 1 January 2022 to 31 December 2022 expired on 31 December 2022, on 12 September 2023, the Company entered into the 2023-2025 Gas Appliances Framework Agreement with Nanjing Xinao Technology, pursuant to which the Group agreed to purchase from Nanjing Xinao Technology, and Nanjing Xinao Technology agreed to sell to the Group, gas appliances for the term from 12 September 2023 to 31 December 2025.

The principal terms of the 2023-2025 Gas Appliances Framework Agreement are as follows:

- Date:** 12 September 2023
- Parties:**
- (1) the Company (for itself and on behalf of its subsidiaries), as purchaser; and
 - (2) Nanjing Xinao Technology (for itself and on behalf of its subsidiaries), as supplier
- Term:** 12 September 2023 to 31 December 2025

Nature of transaction: The Group shall purchase, and Nanjing Xinao Technology shall sell to the Group gas appliances, including but not limited to, cooking stoves, water heaters, heating stoves, range hoods, radiators, and other kitchen equipment and household appliances.

Pricing basis: The detailed terms and conditions such as the manner of payment, price, volume and delivery arrangements shall be determined in specific agreements to be made between the Group and Nanjing Xinao Technology.

The price payable under each separate agreement should be determined by the Group and Nanjing Xinao Technology after arm's length negotiations with reference to the prices offered by Nanjing Xinao Technology to its member companies. The price payable by the Group shall not be higher than that paid by member companies of Nanjing Xinao Technology. The Group shall obtain quotations from at least two independent third party suppliers to understand the prevailing market prices for comparable products to ensure that the terms and conditions of the transactions contemplated under the 2023-2025 Gas Appliances Framework Agreement are no less favourable than those offered by independent third party suppliers to the Group.

Historical Transaction Amount

For the three years ended 31 December 2020, 2021 and 2022 and the seven months ended 31 July 2023, the historical transaction amounts incurred by the Group in relation to the purchase of the gas appliances from Nanjing Xinao Technology were approximately RMB1.0 million, RMB1.6 million, RMB2.7 million and RMB1.0 million, respectively.

Annual Cap and its Basis

The annual aggregate maximum amounts of purchase price to be payable by the Group to Nanjing Xinao Technology for the transactions contemplated under the 2023-2025 Gas Appliances Framework Agreement for the three years ending 31 December 2023, 2024 and 2025 are RMB8.5 million, RMB10.5 million and RMB11.5 million, respectively.

The annual caps are determined with reference to (i) the historical transaction amount as set out above; (ii) the prevailing market prices for the comparable products; and (iii) the expected growth in demand of household gas appliances by the Group's customers. The payments under the 2023-2025 Gas Appliances Framework Agreement are expected to be financed by the internal resources of the Group.

Reasons for and Benefits of the 2023-2025 Gas Appliances Framework Agreement

The Group has historically, from time to time during the ordinary and usual course of business, purchased household gas appliances from Nanjing Xinao Technology for re-sale to the Group's customers. The Group has purchased gas appliances from Nanjing Xinao Technology during the ordinary and usual course of business primarily because (i) ENN Energy Group's extensive line of products are able to match the needs of the Group's customers; and (ii) ENN Energy Group has offered the Group a competitive price for similar products; and Nanjing Xinao Technology has provided the Group with steady and high quality products in the past.

The Directors (including the independent non-executive Directors), after reviewing the terms of the 2023-2025 Gas Appliances Framework Agreement, are of the view that the 2023-2025 Gas Appliances Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and that the terms of the 2023-2025 Gas Appliances Framework Agreement as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties to the 2023-2025 Gas Appliances Framework Agreement

Information about the Group is set out in the paragraph headed "(1) Continuing Connected Transactions in relation to 2023-2025 Supply Framework Agreement – Information about the Parties to the 2023-2025 Supply Framework Agreement" in this announcement.

Nanjing Xinao Technology is a company established under the laws of the PRC which is principally engaged in the sale of gas appliances. As at the date of this announcement, Nanjing Xinao Technology 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). ENN (China) is wholly-owned by ENN Energy, 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).

Listing Rules Implications

As at the date of this announcement, Nanjing Xinao Technology 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 substantial Shareholder. As such, Nanjing Xinao Technology is an associate of ENN (China), and hence a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the 2023-2025 Gas Appliances Framework Agreement and therefore has to abstain from voting on the relevant Board resolution.

Since the largest annual cap for the transactions contemplated under the 2023-2025 Gas Appliances Framework Agreement exceeds HK\$3 million but the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the transactions contemplated under the 2023-2025 Gas Appliances Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) 2024-2026 GAS PIPELINE CONSTRUCTION FRAMEWORK AGREEMENT

Reference is made to the Prospectus in respect of the gas pipeline construction framework agreement dated 19 August 2021 entered into between the Company and City Group. In light of the fact that the gas pipeline construction framework agreement for the term from 1 January 2021 to 31 December 2023 will expire on 31 December 2023, on 12 September 2023, the Company entered into the 2024-2026 Gas Pipeline Construction Framework Agreement with City Group, pursuant to which the Group, as supplier, agreed to provide gas pipeline construction and installation services for real estate development projects undertaken by City Group in the Operating Area for the term commencing from 1 January 2024 to 31 December 2026.

The principal terms of the 2024-2026 Gas Pipeline Construction Framework Agreement are as follows:

Date:	12 September 2023
Parties:	(1) the Company (for itself and on behalf of its subsidiaries), as supplier; and (2) City Group (for itself and on behalf of its subsidiaries), as purchaser
Term:	1 January 2024 to 31 December 2026
Nature of transaction:	The Group, as supplier, shall provide gas pipeline construction and installation services (“ Construction Services ”) for real estate development projects undertaken by City Group in the Operating Area.

Pricing basis:

The service fee for the provision of the Construction Services for residential projects shall be determined in accordance with the price set by the Huzhou Municipal People's Government from time to time, which as at the date of this announcement is as follows:

Type of housing	Price of Construction Services for residential projects per household <i>(RMB)</i>
Multi-storey residential	2,800
High-rise residential	3,000
Townhouse	4,000
Villa	5,000

For non-residential projects, the service fee shall be determined based on the manpower and materials as agreed on a project by project basis, which vary with factors such as the length of pipeline constructed and the size of gas facilities. The service fee shall be determined in accordance with the unit price for manpower and each type of materials set by the Zhejiang Provincial Government from time to time.

The detailed terms and conditions such as the manner of payment, price, length of pipeline to be constructed and delivery arrangements shall be determined in specific agreements to be made between the Group and City Group.

Historical Transaction Amount

For the three years ended 31 December 2020, 2021 and 2022 and the seven months ended 31 July 2023, the historical transaction amounts in relation to the provision of gas pipeline construction and installation services to City Group by the Group were approximately RMB4.7 million, RMB26.1 million, RMB6.5 million and RMB13.5 million respectively.

Annual Cap and its Basis

The annual aggregate maximum amounts of fee to be payable by City Group to the Group for the transactions contemplated under the 2024-2026 Gas Pipeline Construction Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 are RMB25 million, RMB30 million and RMB26 million, respectively.

The annual caps are determined with reference to (i) the price set by Huzhou Municipal People's Government for residential projects and by Zhejiang Provincial Government for non-residential projects; (ii) the historical transaction amount as set out above; and expected scale and completion dates of the projects; and (iii) the expected demand for the Construction Services by City Group with reference to the expected scale and completion dates of the projects contemplated by City Group.

Reasons for and Benefits of the 2024-2026 Gas Pipeline Construction Framework Agreement

The Group has historically, from time to time during the ordinary and usual course of the construction and installation business, provided the Construction Services to various subsidiaries of City Group that undertook real estate development projects in the Operating Area. Given that the Group is the only authorised provider of Construction Services in the Operating Area, it is expected that the Group will continue to provide the Construction Services to City Group and its subsidiaries from time to time in their future real estate development projects in the Operating Area in the ordinary and usual course of business.

The Directors (including the independent non-executive Directors), after reviewing the terms of the 2024-2026 Gas Pipeline Construction Framework Agreement, are of the view that the 2024-2026 Gas Pipeline Construction Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and that the terms of the 2024-2026 Gas Pipeline Construction Framework Agreement as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties to the 2024-2026 Gas Pipeline Construction Framework Agreement

Information about the Group and City Group is set out in the paragraph headed "(1) Continuing Connected Transactions in relation to 2023-2025 Supply Framework Agreement – Information about the Parties to the 2023-2025 Supply Framework Agreement" in this announcement.

Listing Rules Implications

As at the date of this announcement, City Group is a controlling Shareholder, and hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

As at the date of this announcement, Mr. Pan Haiming, an executive Director, holds management position in City Group. For good corporate governance, Mr. Pan Haiming has abstained from voting on the relevant Board resolution approving the 2024-2026 Gas Pipeline Construction Framework Agreement. None of the Directors has a material interest in the transactions contemplated under the 2024-2026 Gas Pipeline Construction Framework Agreement and none of them has abstained from voting on the relevant Board resolution.

Since the largest annual cap for the transactions contemplated under the 2024-2026 Gas Pipeline Construction Framework Agreement exceeds HK\$3 million but the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the transactions contemplated under the 2024-2026 Gas Pipeline Construction Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(6) 2024-2026 PHOTOVOLTAIC AND ELECTRICITY STORAGE SERVICE COOPERATION FRAMEWORK AGREEMENT

Reference is made to the Prospectus in respect of the photovoltaic framework agreement dated 1 June 2021 entered into between the Company and City Group. In light of the fact that the photovoltaic framework agreement for the term from 1 June 2021 to 31 December 2023 will expire on 31 December 2023, on 12 September 2023, the Company entered into the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement with City Group, pursuant to which (i) the Group is permitted to install distributed photovoltaic systems in properties owned by City Group, and the Group agreed to first supply the electricity generated by such system to City Group before the Group sells any unutilised electricity generated by such system to the State Grid Corporation of China (國家電網公司); and (ii) the Group agreed to provide electricity storage services to City Group with respect to City Group's specific needs. The term of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement is from 1 January 2024 to 31 December 2026.

The principal terms of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement are as follows:

- Date:** 12 September 2023
- Parties:**
- (1) the Company (for itself and on behalf of its subsidiaries); and
 - (2) City Group (for itself and on behalf of its subsidiaries)
- Term:** 1 January 2024 to 31 December 2026
- Nature of transaction:**
- (1) The Group is permitted to install distributed photovoltaic systems in properties owned by City Group, and the Group shall first supply the electricity generated by such system to City Group before the Group sells any unutilised electricity generated by such system to the State Grid Corporation of China (國家電網公司); and
 - (2) The Group shall provide electricity storage services to City Group with respect to City Group's specific needs.
- Pricing basis:** The detailed terms and conditions such as the manner of payment, installation and supply arrangements shall be determined in specific agreements to be made between the Group and City Group.
- City Group shall not charge the Group any fee for the use of their properties, and the Group shall charge City Group electricity charges for the electricity so supplied at a discount of not less than 5% of the government guidance price of electricity (subject to adjustments with reference to the installation progress) as published by State Grid Corporation of China (國家電網公司) from time to time.
- The Group shall charge City Group for provision of electricity storage services with reference to the prevailing market prices for the comparable services and shall not be more favourable than the price charged by the Group to independent third party customers, taking into account factors such as the types and volume of services etc.

Historical Transaction Amount

For the year ended 31 December 2022 and the seven months ended 31 July 2023, the historical transaction amounts in relation to the installation of distributed photovoltaic system and provision of electricity to City Group by the Group were approximately RMB1.3 million and RMB2.1 million respectively. There was no historical amount for the installation of distributed photovoltaic system and provision of electricity to City Group by the Group prior to 1 January 2022.

Annual Cap and its Basis

The annual aggregate maximum amounts of electricity and storage charges to be payable by City Group to the Group for the transactions contemplated under the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 are RMB20 million, RMB28 million and RMB30 million, respectively.

The annual caps are determined with reference to (i) the expected expansion rate of the Group's distributed photovoltaic business and number of properties owned by City Group to be installed with the Group's distributed photovoltaic system; (ii) the expected demand of electricity by City Group; and (iii) the range of historical government guidance price of electricity and the anticipated government guidance price of electricity.

Reasons for and Benefits of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement

As the Group has been expanding into distributed photovoltaic power generation business, the Group will need a number of premises and rooftops for installing distributed photovoltaic systems in the ordinary and usual course of business. Please refer to the Prospectus for details of the Group's plan to expand into distributed photovoltaic power generation business. It is expected that the Group will continue to use properties owned by, and supply the electricity so generated to, City Group in the ordinary and usual course of business.

The Directors (including the independent non-executive Directors), after reviewing the terms of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement, are of the view that the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and that the terms of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information about the Parties to the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement

Information about the Group and City Group is set out in the paragraph headed “(1) Continuing Connected Transactions in relation to 2023-2025 Supply Framework Agreement-Information about the Parties to the 2023-2025 Supply Framework Agreement” in this announcement.

Listing Rules Implications

As at the date of this announcement, City Group is a controlling Shareholder, and hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

As at the date of this announcement, Mr. Pan Haiming, an executive Director, holds management position in City Group. For good corporate governance, Mr. Pan Haiming has abstained from voting on the relevant Board resolution approving the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement. None of the Directors has a material interest in the transactions contemplated under the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement and therefore has to abstain from voting on the relevant Board resolution.

Since the largest annual cap for the transactions contemplated under the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement exceeds HK\$3 million but the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the transactions contemplated under the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement are subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

This announcement is made by the Company pursuant to Rule 13.51(1) of the Listing Rules.

The Board proposes to make certain amendments to the Articles of Association and to adopt the New Articles of Association incorporating amendments, with a view to removing the articles that have become obsolete due to the repeal of the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council on 4 August 1994 and the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System (each as amended, supplemented or otherwise modified from time to time), bringing the Articles of Association overall into line with the Guidelines for the Articles of Association of Listed Companies issued by the China Securities Regulatory Commission, satisfying the requirements under the constitution of the Chinese Communist Party, updating the scope of business of the Company, and making other consequential and housekeeping amendments to the Articles of Association (collectively, the “**Proposed Amendments**”).

In light of the above regulation updates in the PRC, the Stock Exchange also issued a consultation paper “Rule Amendments Following Mainland China Regulation Updates and Other Proposed Rule Amendments Relating to PRC Issuers” on 24 February 2023 and a consultation conclusion on 21 July 2023 setting out the corresponding amendments to the Listing Rules, which became effective on 1 August 2023.

The Proposed Amendments and the proposed adoption of the New Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the EGM. In addition, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting will be convened for the respective Shareholders to consider and, if thought fit, approve by way of a special resolution the Proposed Amendments. The filings with the relevant authorities in the PRC in respect of the Proposed Amendments will be made after the passing of the relevant special resolutions by the Shareholders at the EGM and the Class Meetings. The Proposed Amendments will take effect on the date on which they are approved at the EGM and the Class Meetings.

The circular for the EGM containing, among others, details of the Proposed Amendments together with the notice of the EGM and the notices of the Class Meetings will be despatched to the Shareholders in due course.

DEFINITIONS

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

“2023-2025 Gas Appliances Framework Agreement”	the master sale and purchase framework agreement dated 12 September 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Nanjing Xinao Technology (for itself and on behalf of its subsidiaries), pursuant to which the Group shall purchase from Nanjing Xinao Technology, and Nanjing Xinao Technology shall sell to the Group, gas appliances for the term from 12 September 2023 to 31 December 2025
“2023-2025 Service Framework Agreement”	the master framework agreement dated 12 September 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Xinao Brokers (for itself and on behalf of its subsidiaries) in relation to the provision of onsite services by the Group to designated customers of Xinao Brokers for the term from 12 September 2023 to 31 December 2025
“2023-2025 Steam Supply Framework Agreement”	the master sale and purchase framework agreement dated 12 September 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and City Group (for itself and on behalf of its subsidiaries), pursuant to which the Group shall purchase from City Group, and City Group shall supply to the Group, steam for the term from 12 September 2023 to 31 December 2025

“2023-2025 Supply Framework Agreement”	the master framework agreement dated 12 September 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and City Group (for itself and on behalf of its subsidiaries), pursuant to which the Group shall supply to City Group, and City Group shall purchase from the Group, certain goods and services for the term from 12 September 2023 to 31 December 2025
“2024-2026 Gas Pipeline Construction Framework Agreement	the master gas pipeline construction framework agreement dated 12 September 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and City Group (for itself and on behalf of its subsidiaries), pursuant to which the Group, as supplier, shall provide gas pipeline construction and installation services for real estate development projects undertaken by City Group in the Operating Area for the term commencing from 1 January 2024 to 31 December 2026
“2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement”	the photovoltaic and electricity storage service cooperation framework agreement dated 12 September 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and City Group (for itself and on behalf of its subsidiaries), pursuant to which (i) the Group is permitted to install distributed photovoltaic systems in properties owned by City Group, and the Group shall first supply the electricity generated by such system to City Group before the Group sells any unutilised electricity generated by such system to the State Grid Corporation of China (國家電網公司); and (ii) the Group shall provide electricity storage services to City Group with respect to City Group’s specific needs, for the term commencing from 1 January 2024 to 31 December 2026
“Articles of Association”	the articles of association of the Company as currently in force
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“City Group”	湖州市城市投資發展集團有限公司 (Huzhou City Investment & Development Group Co., Ltd.*), a state-owned enterprise established under the laws of the PRC, a controlling Shareholder, and, unless the context otherwise requires, includes its subsidiaries
“Class Meetings”	collectively, the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting

“Company”	湖州燃氣股份有限公司 (Huzhou Gas Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability, the H Shares of which 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
“Construction Services”	has the meaning defined in the paragraph headed “(5) Continuing Connected Transactions in relation to 2024-2026 Gas Pipeline Construction Framework Agreement” in this announcement
“controlling Shareholder(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 are unlisted Shares which are currently not listed or traded on any stock exchange
“Domestic Shareholder(s)”	holder(s) of the Domestic Share(s)
“Domestic Shareholders Class Meeting”	the class meeting of the Domestic Shareholders to be convened for the Domestic Shareholders to consider and, if thought fit, approve the Proposed Amendments and the proposed adoption of the New Articles of Association
“EGM”	the extraordinary general meeting of the Company to be convened for Shareholders to consider and, if thought fit, approve, among others, the Proposed Amendments and the proposed adoption of the New Articles of Association
“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 substantial Shareholder
“ENN Energy”	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), a substantial Shareholder
“ENN Energy Group”	ENN Energy and its subsidiaries
“Group”	the Company and its subsidiaries

“H Shares”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of the H Share(s)
“H Shareholders Class Meeting”	the class meeting of the H Shareholders to be convened for the Domestic Shareholders to consider and, if thought fit, approve the Proposed Amendments and the proposed adoption of the New Articles of Association
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MPa”	megapascal
“Nanjing Xinao Technology”	南京新奥智能科技有限公司 (Nanjing Xinao Intelligent Technology Co., Ltd.*), 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
“New Articles of Association”	the amended and restated articles of association of the Company proposed to be adopted at the EGM incorporating and consolidating all the Proposed Amendments
“Operating Area”	the operating areas where the Group is granted exclusive right to operate in Wuxing and Nanxun, as described in the Prospectus
“PRC”	the People’s Republic of China
“Proposed Amendments”	proposed amendments to the Articles of Association as set out in the paragraph headed “(B) Proposed Amendments to the Articles of Association” in this announcement
“Prospectus”	the prospectus of the Company dated 29 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Xinao Brokers”	新奧保險經紀有限公司 (Xinao Insurance Brokers Co., Ltd.*), a limited liability company established under the laws of the PRC and, unless the context otherwise requires, includes its subsidiaries
“%”	per cent
“°C”	degree Celsius
“±”	plus or minus

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

Huzhou City, Zhejiang Province, the PRC, 12 September 2023

As at the date of this announcement, 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.

* *For identification purposes only*