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## **Jilin Province Chuncheng Heating Company Limited\***

**吉林省春城熱力股份有限公司**

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

**(Stock code: 1853)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS**

On 15 September 2021, the Company has entered into the following CCT Agreements with Changchun Heating Group:

- (a) the 2021-2023 Heat Supply Framework Agreement between the Company (for itself and on behalf of its subsidiaries) and Changchun Heating Group (for itself and on behalf of its subsidiaries other than the Group), whereby the Group shall supply heat to the Controlling Shareholder Group for resale to end-users in accordance with the requirements prescribed by the Controlling Shareholder Group. The 2021-2023 Heat Supply Framework Agreement has a term commencing from 15 September 2021 to 31 December 2023 (both days inclusive); and
- (b) the 2021-2023 Heat Procurement Framework Agreement between the Company (for itself and on behalf of its subsidiaries other than Yatai Heating) and Changchun Heating Group (for itself and on behalf of its subsidiaries other than the Group), whereby the Group (other than Yatai Heating) shall procure heat from the Controlling Shareholder Group in accordance with the requirements prescribed by the Group (other than Yatai Heating). The 2021-2023 Heat Procurement Framework Agreement has a term commencing from the date when the resolution for approving the 2021-2023 Heat Procurement Framework Agreement is approved at the EGM to 31 December 2023 (both days inclusive).

## **LISTING RULES IMPLICATIONS**

Changchun Heating Group is a controlling shareholder of the Company holding approximately 69.75% of the total share capital of the Company and thus a connected person of the Company. As such, each of the Continuing Connected Transactions constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under the 2021-2023 Heat Supply Framework Agreement are, on an annual basis, over 0.1% but all of them are less than 5%, the 2021-2023 Heat Supply Framework Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the Company's announcements dated 29 October 2020 and 29 March 2021, Yatai Heating and the Company has entered into the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) with Changchun Heating Group and Datang JV, respectively, whereby under these two agreements, Yatai Heating and the Group shall procure heat from Changchun Heating Group and Datang JV, respectively. Pursuant to Chapter 14A of the Listing Rules, the transactions as contemplated under the 2021-2023 Heat Procurement Framework Agreement, the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) shall be aggregated because the counterparties for these three agreements are either Changchun Heating Group or its associate and the nature of the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement, the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) are the same. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement, on a standalone basis, or when aggregated with the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) are, on an annual basis, over 5%, the 2021-2023 Heat Procurement Framework Agreement is subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders as to the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder.

The Independent Financial Adviser, Giraffe Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder.

A circular of the Company containing, among other things, (i) details of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder; and (iii) the recommendation of the Independent Board Committee regarding the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder to the Independent Shareholders, is expected to be despatched to the Shareholders on or before 5 October 2021 to allow sufficient time to finalise the contents of the circular.

## **I. THE CCT AGREEMENTS**

### **A. The 2021-2023 Heat Supply Framework Agreement**

#### **1. *Principal Terms***

Date:	15 September 2021
Parties:	(a) The Company (for itself and on behalf of the its subsidiaries), as supplier  (b) Changchun Heating Group (for itself and on behalf of its subsidiaries other than the Group), as purchaser
Subject matter:	The Group shall supply heat to the Controlling Shareholder Group for resale to end-users in accordance with the requirements prescribed by the Controlling Shareholder Group.

The Group will enter into separate contracts with the Controlling Shareholder Group in respect of the Controlling Shareholder Group's orders for heat.

Term: From 15 September 2021 to 31 December 2023 (both days inclusive)

Pricing terms and pricing policy: The parties agree that the heat fee per GJ shall comprise (a) heat rate; and (b) heat transmission fee. In general, the Group adopts the following pricing policies in determining the actual heat fee per GJ charged by the Group for the heat supplied by it to the Controlling Shareholder Group:

- (i) where there is a state-prescribed price for heat rate and/or heat transmission fee, the Group must follow the state-prescribed price as required by applicable laws and regulations;
- (ii) where there is no state-prescribed price but only the state-recommended price, while enterprises may choose to deviate from the state-recommended price, as part of the Group's internal policies, the Group will general adopt the state-recommended price; and
- (iii) where there is neither state-prescribed price nor state-recommended price, the Group will make reference to the regional market price for heat rate and/or heat transmission fee (where appropriate) that are offered to Independent Third Parties by the Group under normal commercial terms in the ordinary course of business.

Currently, pursuant to the Notice on Adjusting the Ex-factory Price of Heat for the City's Cogeneration Enterprises (《關於調整我市熱電聯產企業供採暖用熱出廠價格的通知》) and the Reply to Request for Approval of Heat Transmission Fee (《關於對核定供熱管網輸送費請示的批覆》) issued by the Changchun Municipal Development and Reform Commission on 19 October 2020 and 20 July 2018, respectively, the state-prescribed price for heat rate and heat transmission fee applicable to the heat to be supplied by the Group to the Controlling Shareholder Group for resale to end-users via the No. 4 Cogeneration Plant is RMB36 per GJ and RMB5 per GJ, respectively. Hence, subject to any further changes to the state-prescribed prices, the total heat fee per GJ is RMB41.

**2. *Historical transaction amounts and the Proposed Annual Caps for Heat Supply***

Since 1 January 2021 and up to the date of this announcement, the Group has not supplied any heat to the Controlling Shareholder Group for resale to end-users.

The table below sets out the Proposed Annual Caps for Heat Supply in respect of the transactions contemplated under the 2021-2023 Heat Supply Framework Agreement for the three years ending 31 December 2023:

<b>For the year ending 31 December</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
10,250	24,600	24,600

**3. *Reasons for the Proposed Annual Caps for Heat Supply***

In arriving at the Proposed Annual Caps for Heat Supply, the Directors considered factors including (i) the production capacity of the No. 4 Cogeneration Plant as covered by the Group's heat service area; (ii) the expected demand for heat from the Controlling Shareholder Group for resale to end-users for each of the three years ending 31 December 2023; and (iii) the current state-prescribed price per GJ of RMB41 and a buffer of 11% to cater for any possible unforeseeable circumstances such as fluctuation relating to the actual unit price and/or heat supply volume to be purchased by the Controlling Shareholder Group for resale to end-users.

## **B. The 2021-2023 Heat Procurement Framework Agreement**

### ***1. Principal Terms***

Date:	15 September 2021
Parties:	(a) The Company (for itself and on behalf of the its subsidiaries other than Yatai Heating), as purchaser  (b) Changchun Heating Group (for itself and on behalf of its subsidiaries other than the Group), as supplier
Subject matter:	<p>The Group (other than Yatai Heating) shall procure heat from the Controlling Shareholder Group in accordance with the requirements prescribed by the Group (other than Yatai Heating).</p> <p>The Group (other than Yatai Heating) will enter into separate contracts with the Controlling Shareholder Group in respect of the Group's (other than Yatai Heating's) orders for heat.</p> <p>For the avoidance of doubt, Yatai Heating's procurement of heat from the Controlling Shareholder Group shall be governed by the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating).</p>
Term:	From the date when the resolution for approving the 2021-2023 Heat Procurement Framework Agreement is approved at the EGM to 31 December 2023 (both days inclusive)

Pricing terms and pricing policy:

The parties agree that the intended unit price per GJ to be RMB62.08, and that the actual heat fee payable by the Group (other than Yatai Heating) to the Controlling Shareholder Group shall be determined through fair negotiation between the parties as to be set out in the relevant separate contracts and on terms no less favourable than those offered to the Group (other than Yatai Heating) by Independent Third Parties.

The parties shall make references to the relevant historical prices for heat supply and collect industry information on market price and profitability from various sources, such as state-prescribed price, state-recommended price and other similar heat service providers, and determine the heat fee based on average market profit rate or on cost-plus basis in order to ensure the fairness and reasonableness of the rate.

**2. *Historical transaction amounts and the Proposed Annual Caps for Heat Procurement***

Since 1 January 2021 and up to the date of this announcement, the Group has not procured any heat from the Controlling Shareholder Group other than those procured pursuant to the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating).

The table below sets out the Proposed Annual Caps for Heat Procurement in respect of the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement for the three years ending 31 December 2023:

<b>For the year ending 31 December</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
24,832	93,120	93,120

**3. *Reasons for the Proposed Annual Caps for Heat Procurement***

In arriving at the Proposed Annual Caps for Heat Procurement, the Directors considered factors including (i) the expected supply of heat generated from the Controlling Shareholder Group's Peak-Shaving Boilers for each of the three years ending 31 December 2023; (ii) the intended unit price per GJ of RMB62.08 and a buffer of 10% to cater for any possible unforeseeable circumstances such as fluctuation relating to the actual unit price and/or heat supply volume to be supplied by the Controlling Shareholder Group's Peak-Shaving Boilers.

**II. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

**A. The 2021-2023 Heat Supply Framework Agreement**

One of the subsidiaries of Changchun Heating Group's heat distribution network is connected with the Group's pipeline network which is connected to the No. 4 Cogeneration Plant. Having considered the cost-effectiveness and the expected demand for heat from the aforementioned entity, the Controlling Shareholder Group intends to procure heat from the Group for resale to end-users since the commencement of the 2021-2022 heat supply period.

**B. The 2021-2023 Heat Procurement Framework Agreement**

According to the power grid coordination rules, two of the Controlling Shareholder Group's coal-fired boiler plants are designated as peak-shaving boilers (the "**Peak-Shaving Boilers**"). With effect from the 2021-2022 heat supply period, the Group's heat service area is expected to increase by approximately 3 million sq.m. (equivalent to an increase of approximately 1.5 million GJ of heat) and hence the Group's demand for heat is expected to increase accordingly. Given the Group's primary pipeline network is connected with the Controlling Shareholder Group's Peak-Shaving Boilers and the heat production capacity of No. 2 Cogeneration Plant is already saturated and currently there is no plan to expand its production capacity, in order to ensure the Group's business operations and the quality of its heat supply, the Group would need to purchase heat from these Peak-Shaving Boilers during peak time periods to satisfy its increased demand for heat resulting from the expansion of heat service area.

The terms of each of the CCT Agreements were agreed by the relevant parties on arm's length negotiation.

Pursuant to the Listing Rules and the Articles of Association, Mr. Liu Changchun is considered having direct or indirect material interest in the CCT Agreements by virtue of Mr. Liu Changchun being a director, general manager and chairman of the board of Changchun Heating Group. Accordingly, Mr. Liu Changchun has abstained from voting at the relevant Board meeting. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the CCT Agreements, (together with the Proposed Annual Caps) and the transactions contemplated thereunder.

Based on the above, the Directors (excluding Mr. Liu Changchun who abstained from voting at the relevant Board meeting as required by the Listing Rules) consider (i) the transactions contemplated under the 2021-2023 Heat Supply Framework Agreement to be in the interests of the Group and the Shareholders as a whole, on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (ii) the terms of the 2021-2023 Heat Supply Framework Agreement (including the Proposed Annual Caps for Heat Supply) governing the heat supply transactions by the Group to the Controlling Shareholder Group for resale to end-users to be fair and reasonable.

The Directors (excluding Mr. Liu Changchun who abstained from voting at the relevant Board meeting as required by the Listing Rules and the independent non-executive Directors whose view will be set out in the circular to be issued by the Company after taking into consideration the advice from the Independent Financial Adviser) consider (i) the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement to be in the interests of the Group and the Shareholders as a whole, on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (ii) the terms of the 2021-2023 Heat Procurement Framework Agreement (including the Proposed Annual Caps for Heat Procurement) governing the heat procurement transactions by the Group (other than Yatai Heating) from the Controlling Shareholder Group to be fair and reasonable.

### **III. INTERNAL CONTROL MEASURES ADOPTED BY THE GROUP**

The Group has adopted the following internal control measures over the Continuing Connected Transactions:

- (a) the Company has adopted the Connected Transactions Management Regulations (《關連交易管理規定》) which provides that all connected transactions (including the transactions contemplated under the CCT Agreements) shall comply with the relevant Listing Rules' requirements and the Connected Transactions Management Regulations, including but not limited to (i) the transactions must be conducted on normal commercial terms or better and the terms are no less favourable to the Group than terms available to Independent Third Parties by the Group or terms offered by Independent Third Parties to the Group (as appropriate); and (ii) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant CCT Agreement;

- (b) the Company's planning and management department will closely monitor the total transaction amount to ensure that the respective Proposed Annual Caps in respect of the Continuing Connected Transactions will not be exceeded;
- (c) the Company's planning and management department shall prepare reports containing total transaction amount under each of the CCT Agreements on a monthly basis and submit such reports to the Company's internal control audit department on a quarterly basis;
- (d) based on the reports prepared by the Company's planning and management department, the Company's internal control audit department shall conduct quarterly reviews on the Company's subsidiaries to ensure that (i) the subsidiaries have complied with the Company's Connected Transactions Management Regulations; (ii) the transactions contemplated under the CCT Agreements are conducted on normal commercial terms or better and the terms are no less favourable to the Group than terms available to Independent Third Parties by the Group or terms offered by Independent Third Parties to the Group (as appropriate); and (iii) the transactions are carried out in accordance with the Company's pricing policies and the terms of the relevant CCT Agreement. The Company's internal control audit department shall report on its findings relating to the Continuing Connected Transactions to the Company's management on a quarterly basis;
- (e) the Company's external auditors will review the Continuing Connected Transactions annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded; and
- (f) the independent non-executive Directors will review the Continuing Connected Transactions annually to check and confirm whether such Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions were conducted in accordance with the pricing policies set out in the relevant CCT Agreement.

#### **IV. INFORMATION OF THE PARTIES INVOLVED**

##### **The Group**

The Company is a China-based company mainly engaged in heating service business. The Group operates its business through two segments, namely heat supply segment and construction, maintenance and design services segment. Heat supply segment mainly provides heat supply services within Jilin Province. Construction, maintenance and design services segment mainly provides maintenance related services such as engineering construction, engineering maintenance, design, electrical appliances and instrument maintenance. The Group mainly conducts its business in the Chinese domestic market.

##### **The Controlling Shareholder Group**

Changchun Heating Group is a state-owned company established on 28 April 1998 in Changchun City, the PRC, and is wholly-owned by Changchun SASAC.

The Controlling Shareholder Group is mainly engaged in property management, water supply, pipeline manufacturing, sale of industrial steam and financial investments, while also being engaged in certain businesses relating to heat supply and heat services.

#### **V. LISTING RULES IMPLICATIONS**

Changchun Heating Group is a controlling shareholder of the Company holding approximately 69.75% of the total share capital of the Company and thus a connected person of the Company. As such, each of the Continuing Connected Transactions constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under the 2021-2023 Heat Supply Framework Agreement are, on an annual basis, over 0.1% but all of them are less than 5%, the 2021-2023 Heat Supply Framework Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the Company's announcements dated 29 October 2020 and 29 March 2021, Yatai Heating and the Company has entered into the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) with Changchun Heating Group and Datang JV, respectively, whereby under these two agreements, Yatai Heating and the Group shall procure heat from Changchun Heating Group and Datang JV, respectively. Pursuant to Chapter 14A of the Listing Rules, the transactions as contemplated under the 2021-2023 Heat Procurement Framework Agreement, the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) shall be aggregated because the counterparties for these three agreements are either Changchun Heating Group or its associate and the nature of the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement, the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) are the same. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement, on a standalone basis, or when aggregated with the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement (Yatai Heating) and the 2021-2023 Heat Procurement Framework Agreement (Datang JV) are, on an annual basis, over 5%, the 2021-2023 Heat Procurement Framework Agreement is subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

## **VI. GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders as to the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder.

The Independent Financial Adviser, Giraffe Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder.

At the EGM, an ordinary resolution will be put forward for the Independent Shareholders to consider and, if appropriate, to the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder.

Shareholders who have a material interest are required to abstain from voting in respect of the resolutions in respect of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder at the EGM. As at the date of this announcement, Changchun Heating Group holds 325,500,000 Domestic Shares, representing approximately 69.75% of the total share capital of the Company. Changchun Heating Group and its associates will abstain from voting on the resolution to be proposed at the EGM in respect of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving each of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder at the EGM.

A circular of the Company containing, among other things, (i) details of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder; and (iii) the recommendation of the Independent Board Committee regarding the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder to the Independent Shareholders, is expected to be despatched to the Shareholders on or before 5 October 2021 to allow sufficient time to finalise the contents of the circular.

## VII. DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

- “2021-2023 Heat Procurement Framework Agreement” the heat procurement framework agreement dated 15 September 2021 and entered into between the Company (for itself and on behalf of its subsidiaries other than Yatai Heating) and Changchun Heating Group (for itself and on behalf of its subsidiaries other than the Group) in relation to the procurement of heat by the Group (other than Yatai Heating) from the Controlling Shareholder Group. For details, please refer to the section headed “I. The CCT Agreements – B. The 2021-2023 Heat Procurement Framework Agreement” in this announcement
- “2021-2023 Heat Procurement Framework Agreement (Datang JV)” the heat procurement framework agreement dated 29 March 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and Datang JV, in relation to the procurement of heat by the Group from Datang JV. For details, please refer to the Company’s announcement dated 29 March 2021
- “2021-2023 Heat Procurement Framework Agreement (Yatai Heating)” the heat procurement framework agreement dated 29 October 2020 and entered into between Yatai Heating and Changchun Heating Group in relation to the procurement of heat by Yatai Heating from Changchun Heating Group. For details, please refer to the Company’s announcement dated 29 October 2020
- “2021-2023 Heat Supply Framework Agreement” the heat supply framework agreement dated 15 September 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and Changchun Heating Group (for itself and on behalf of its subsidiaries other than the Group), whereby the Group agrees to supply heat to the Controlling Shareholder Group for resale to end-users. For details, please refer to the section headed “I. The CCT Agreements – A. The 2021-2023 Heat Supply Framework Agreement ” in this announcement

“Board”	the board of Directors
“CCT Agreements”	collectively, the 2021-2023 Heat Supply Framework Agreement and the 2021-2023 Heat Procurement Framework Agreement
“Changchun Heating Group”	Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司), the controlling shareholder of the Company, and a state-owned company established in the PRC on 28 April 1998 which held approximately 69.75% of the total share capital of the Company as at the date of this announcement
“Changchun SASAC”	the State-owned Assets Supervision and Administration Commission of Changchun (長春市人民政府國有資產監督管理委員會)
“Company”	Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司), presently a joint stock company with limited liability which was incorporated in the PRC on 23 October 2017 and the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	collectively, the transactions contemplated under the 2021-2023 Heat Supply Framework Agreement and the 2021-2023 Heat Procurement Framework Agreement
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder Group”	Changchun Heating Group and its subsidiaries (other than members of the Group)

“Datang JV”	Datang Changre Jilin Heating Company Limited* (大唐長熱吉林熱力有限公司), a joint venture company established in the PRC on 23 March 2017 and is owned by Changchun Heating Group and Datang Jilin Power Generation Co., Ltd. (大唐吉林發電有限公司) as to 35% and 65%, respectively. It is an associate of Changchun Heating Group and a connected person of the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic Share(s), which are subscribed for in RMB and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among others, the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	overseas listed foreign Share(s), which are subscribed for and traded in HK\$ and listed on the Main Board of the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 the independent non-executive Directors, namely Mr. Wang Yuguo, Mr. Fu Yachen and Mr. Poon Pok Man, and formed to advise the Independent Shareholders in relation to the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder
“Independent Financial Adviser”	Giraffe Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders who are not required under the Listing Rules to abstain from voting on the resolution for approving, among others, the 2021-2023 Heat Procurement Framework Agreement (together with the Proposed Annual Caps for Heat Procurement) and the transactions contemplated thereunder at the EGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“No. 2 Cogeneration Plant”	Datang Changchun No. 2 Thermolectricity Limited* (大唐長春第二熱電有限責任公司), Changchun Thermolectricity Development Company* (長春熱電發展有限公司) (deregistered), Datang Jilin Power Generation Co., Ltd. Heating Branch* (大唐吉林發電有限公司熱力分公司), subsidiaries and branch of their holding company Datang Jilin Power Generation Co., Ltd.* (大唐吉林發電有限公司), which are Independent Third Parties and primarily engaged in power generation and heating generation businesses, and where the context requires, the cogeneration plant operated, individually or collectively by the above
“No. 4 Cogeneration Plant”	Huaneng Jilin Energy Sales Co., Ltd.* (華能吉林能源銷售有限公司) and Changchun thermal power plant of Huaneng Jilin Power Generation Co., Ltd.* (華能吉林發電有限公司長春熱電廠), the wholly owned subsidiary and branch of Huaneng Jilin Power Generation Co., Ltd.* (華能吉林發電有限公司), which are Independent Third Parties and primarily engaged in power generation and heat generation businesses, and where the context requires, the cogeneration plant operated, individually or collectively by the above
“Peak-Shaving Boilers”	the two boilers of the Controlling Shareholder Group which are designated as peak-shaving boilers
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Annual Caps”	collectively, the Proposed Annual Caps for Heat Supply and the Proposed Annual Caps for Heat Procurement
“Proposed Annual Caps for Heat Procurement”	the proposed annual caps for the transactions contemplated under the 2021-2023 Heat Procurement Framework Agreement as described in the section headed “I. The CCT Agreements – B. The 2021-2023 Heat Procurement Framework Agreement – 2. Historical transaction amounts and the Proposed Annual Caps for Heat Procurement” in this announcement

“Proposed Annual Caps for Heat Supply”	the proposed annual caps for the transactions contemplated under the 2021-2023 Heat Supply Framework Agreement as described in the section headed “I. The CCT Agreements – A. The 2021-2023 Heat Supply Framework Agreement – 2. Historical transaction amounts and the Proposed Annual Caps for Heat Supply” in this announcement
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Yatai Heating”	Changchun Yatai Heating Company Limited* (長春亞泰熱力有限責任公司), a limited liability company established in the PRC on 30 October 1998 and is a wholly-owned subsidiary of the Company. Yatai Heating is principally engaged in the heat services business
“%”	per cent.

By order of the Board  
**Jilin Province Chuncheng Heating Company Limited\***  
**LIU Changchun**  
*Chairman*

Jilin, the PRC, 15 September 2021

*As at the date of this announcement, the non-executive Director is Mr. Liu Changchun (Chairman); the executive Directors are Mr. Yang Zhongshi, Mr. Shi Mingjun, Mr. Xu Chungang and Mr. Li Yeji; and the independent non-executive Directors are Mr. Wang Yuguo, Mr. Fu Yachen and Mr. Poon Pok Man.*

\* For identification purpose only