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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)

CONNECTED TRANSACTION PURCHASE OF COAL

THE COAL PURCHASE AGREEMENT

The Board announces that on 11 December 2024, the Company and Chuncheng Investment, a controlling shareholder of the Company, entered into the Coal Purchase Agreement, pursuant to which the Company has agreed to purchase, and Chuncheng Investment has agreed to sell, a total of 26,561.81 tonnes of coal at a total Consideration of RMB19,287,393.5.

LISTING RULES IMPLICATIONS

Chuncheng Investment 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 all applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are over 0.1% but all of them are less than 5%, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. THE COAL PURCHASE AGREEMENT

The key terms of the Coal Purchase Agreement are set out below:

Date

11 December 2024

Parties

- (1) The Company, as the purchaser
- (2) Chuncheng Investment, as the vendor

Subject matter

Pursuant to the Coal Purchase Agreement, the Company (for itself and on behalf of its subsidiaries) agreed to purchase, and Chuncheng Investment (for itself and on behalf of its subsidiaries other than the Group) agreed to sell, a total of 26,561.81 tonnes of coal at a total Consideration of RMB19,287,393.5.

The Consideration has been arrived at after arm's length negotiations between the Company and Chuncheng Investment with reference to, among others, the market price of coal as indicated in the Bohai-Rim Steam-Coal Price Index* (環渤海動力煤價格指數) published from time to time by China National Coal Association* (中國煤炭工業協會) (<http://www.coalchina.org.cn/index.php>).

Payment terms

Chuncheng Investment shall issue an invoice to the Company within 5 days upon the execution of the Coal Purchase Agreement and the Company shall settle the Consideration in full upon receipt of such invoice.

The Company intends to utilize its existing internal resources to settle the Consideration.

Delivery terms

Chuncheng Investment shall deliver 26,561.81 tonnes of coal to the Company within 15 days after the payment of the Consideration by the Company.

II. FURTHER INFORMATION ON THE COMPANY AND CHUNCHENG INVESTMENT

The Company is a China-based company mainly engaged in heating service business. The Company 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 Company mainly conducts its business in the Chinese domestic market.

Chuncheng Investment is a state-owned company established on 28 April 1998 in Changchun City, the PRC, and is wholly-owned by 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). Chuncheng Investment and its subsidiaries are mainly engaged in property management, water supply, pipeline manufacturing, heat production and supply, sale of industrial steam and financial investments.

III. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is mainly engaged in heating service business and coal is the primary raw material used for heat production by the Group's coal-fired boilers. Having considered (a) the coal price per tonne offered by Chuncheng Investment is the same as the rate based on the Bohai-Rim Steam-Coal Price Index* (環渤海動力煤價格指數) and the market price; (b) given the proximity between Chuncheng Investment and the Group, the Group will be able to benefit from lower transportation costs for delivery coal products and lower risk of wastage during transportation; and (c) the quality of coal supplied by Chuncheng Investment meets the Company's requirements, the Directors (including the independent non-executive Directors but excluding Mr. Song Chi who is required under the Listing Rules and the Articles of Association to abstain from voting at the relevant Board meeting) consider that the terms of the Coal Purchase Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

Chuncheng Investment 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 all applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are over 0.1% but all of them are less than 5%, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

V. DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Chuncheng Investment”	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司), a controlling shareholder of the Company
“Chuncheng Investment Group”	Chuncheng Investment and its subsidiaries (other than the Group)
“Coal Purchase Agreement”	the coal purchase agreement dated 11 December 2024 and entered into between the Company and Chuncheng Investment in respect of the Transaction
“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

“Consideration”	the consideration payable by the Company to Chuncheng Investment for the Transaction
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“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\$ on the Main Board of the Stock Exchange
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

“Transaction” the transaction contemplated under the Coal Purchase Agreement

“%” per cent.

By order of the Board
Jilin Province Chuncheng Heating Company Limited*
Song Chi
Chairman

Jilin, the PRC, 11 December 2024

As at the date of this announcement, the non-executive Director is Mr. Song Chi (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. Fu Yachen, Mr. Poon Pok Man and Ms. Zhang Yan.

* *For identification purpose only*