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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)**

### **MAJOR AND CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF ASSETS**

Reference is made to the announcements (the “**Announcements**”) of Jilin Province Chuncheng Heating Company Limited\* (the “**Company**”) dated 16 June 2025 and 25 July 2025 in relation to, among others, the acquisition of certain heat production assets by the Group from the Controlling Shareholder Group. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

#### **THE SUPPLEMENTAL AGREEMENT**

On 31 July 2025, the Company and Changre Group entered into a supplemental agreement to the Assets Transfer Agreement I (the “**Supplemental Agreement**”), pursuant to which the parties have agreed to amend certain terms of the Assets Transfer Agreement I, in respect of the scope of the Target Assets I and the Consideration I, details of which are set out below.

The scope of the Target Assets I initially sets forth in the Assets Transfer Agreement I comprise certain land, structures, machineries and equipment, pipe networks and vehicle currently used by Changre Group for heat production purposes. Specifically, there were 2 land parcels, 28 buildings and structures, 2 pipes and trenches, 385 machinery and equipment and electronic equipment and 1 vehicle. According to the information provided by Changre Group, the book value of the Target Assets I amounted to RMB89,572,404.85 as at the Valuation Date.

Pursuant to the Supplemental Agreement, the Company and Changre Group agreed to revise the scope of the Target Assets I to carve out 4 buildings and structures (the “**Carved-out Assets**”) such that it will only comprise 2 land parcels, 24 buildings and structures, 2 pipes and trenches, 385 machinery and equipment and electronic equipment and 1 vehicle (the “**Target Assets I (As Revised)**”). According to the information provided by Changre Group, the book value of the Target Assets I (As Revised) amounted to RMB89,291,649.82 as at the Valuation Date.

As at the Valuation Date, the book value of the Carved-out Assets was RMB280,755.03 and the total appraised value of the Carved-out Assets amounted to RMB1,803,309.98 as stated in the assets valuation report prepared by the Valuer, using the cost method.

As a result of the revision of the scope of the Target Assets I, the total consideration payable by the Company to Changre Group for the Proposed Acquisition I is also amended from RMB166,487,839.71 to RMB164,684,529.73 (the “**Consideration I (As Revised)**”).

The Consideration I (As Revised) has been arrived at after arm’s length negotiations between the Company and Changre Group with reference to the total appraised value of the Target Assets I (As Revised) of RMB164,684,529.73 as at the Valuation Date as stated in the assets valuation report prepared by the Valuer, using the cost method. The Group intends to finance the Consideration I (As Revised) by its existing internal resources.

Save for the aforesaid amendments, all other terms and conditions of the Assets Transfer Agreement I remain unchanged and continue in full force and effect.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT**

Due to Changre Group’s other commercial arrangements in relation to the Carved-out Assets, Changre Group recently informed the Company that Changre Group intended not to transfer the Carved-out Assets to the Company pursuant to the Assets Transfer Agreement I. Having considered (a) the Carved-out Assets are not assets which are essential for heat production; (b) the non-acquisition of the Carved-out Assets would not have a material impact on the expected benefits brought by the Proposed Acquisition to the Group as detailed in the Company’s announcement dated 16 June 2025; and (c) the Consideration I is adjusted downwards to reflect the total appraised value of the Target Assets I (As Revised) of RMB164,684,529.73 as at the Valuation Date, the Directors (excluding (a) Mr. Song Chi who is required under the Listing Rules and the Articles of Association to abstain from voting at the relevant Board meeting; and (b) 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 of

the Independent Financial Adviser) are of the view that the terms and conditions of the Assets Transfer Agreement I (as supplemented by the Supplemental Agreement) are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

Further information on the Assets Transfer Agreement I (as supplemented by the Supplemental Agreement) and the Proposed Acquisitions will be included in the Circular which is expected to be despatched by the Company to the Shareholders on or before 25 August 2025.

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

Jilin, the PRC, 31 July 2025

*As at the date of this announcement, the non-executive Directors are Mr. Song Chi (Chairman), Mr. Yang Zhongshi and Mr. Shi Mingjun; the executive Directors are Mr. Zhang Liming and Mr. Xu Chungang; the independent non-executive Directors are Ms. Zhang Yan, Ms. Du Jie and Mr. Chan Sing Fai; and the employee Director is Mr. Qiu Jianhua.*

\* *For identification purpose only*