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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 FURTHER SUPPLEMENTAL AGREEMENTS 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, 25 July 2025 and 31 July 2025 in relation to 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 PROPOSED ACQUISITION I

Background

As disclosed in the Company’s announcement dated 16 June 2025, the Company and Changre Group entered into the Assets Transfer Agreement I dated 16 June 2025, pursuant to which the Company has conditionally agreed to purchase, and Changre Group has conditionally agreed to sell, certain land, structures, machineries and equipment, pipe networks and vehicle currently used by Changre Group for heat production purposes.

On 31 July 2025, the Company and Changre Group entered into a supplemental agreement (the “**First Supplemental Assets Transfer Agreement I**”) pursuant to which the parties have agreed to amend certain terms of the Assets Transfer Agreement I, in respect of the scope of the assets to be acquired by the Company and the consideration payable by the Company.

The Second Supplemental Assets Transfer Agreement I

The Company hereby announces that on 15 August 2025, the Company and Changre Group entered into a second supplemental agreement to the Assets Transfer Agreement I (as amended and supplemented by the First Supplemental Assets Transfer Agreement I) (the “**Second Supplemental Assets Transfer Agreement I**”), pursuant to which the parties have agreed to amend certain terms of the Assets Transfer Agreement I (as amended and supplemented by the First Supplemental Assets Transfer Agreement I), including but not limited to the scope of the assets to be acquired by the Company and the consideration payable by the Company.

The table below sets forth (a) the key terms of the Assets Transfer Agreement I as amended and supplemented by the First Supplemental Assets Transfer Agreement I and the Second Supplemental Assets Transfer Agreement I; and (b) the appraised value and net book value of the assets intended to be acquired by the Company as at the Valuation Date:

	Assets Transfer Agreement I	Assets Transfer Agreement I (as amended and supplemented by the First Supplemental Assets Transfer Agreement I)	Assets Transfer Agreement I (as amended and supplemented by the First Supplemental Assets Transfer Agreement I and the Second Supplemental Assets Transfer Agreement I)
Scope of the assets to be acquired by the Company	(a) 2 land parcels (with 3 sets of land ownership certificates) (b) 16 buildings (c) 12 structures (d) 2 pipes and trenches (e) 385 machineries and equipment and electronic equipment (f) 1 vehicle	(a) 2 land parcels (with 3 sets of land ownership certificates) (b) 12 buildings (c) 12 structures (d) 2 pipes and trenches (e) 385 machineries and equipment and electronic equipment (f) 1 vehicle	(a) 2 land parcels (with 3 sets of land ownership certificates) (b) 2 pipes and trenches (c) 385 machineries and equipment and electronic equipment (d) 1 vehicle (the “ Revised Target Assets I ”)
Consideration payable by the Company to Changre Group	RMB166,487,839.71	RMB164,684,529.73	RMB113,930,021.65 (the “ Revised Consideration I ”)
Appraised value of the assets to be acquired by the Company	RMB166,487,839.71	RMB164,684,529.73	RMB113,930,021.65
Net book value of the assets to be acquired by the Company	RMB89,572,404.85	RMB89,291,649.82	RMB45,345,755.59

In light of the amendments made in the First Supplemental Assets Transfer Agreement I and the Second Supplemental Assets Transfer Agreement I, the Revised Consideration I payable by the Company to Changre Group in respect of the Proposed Acquisition I is RMB113,930,021.65. The Revised Consideration I has been arrived at after arm's length negotiations between the Company and Changre Group with reference to the total appraised value of the Revised Target Assets I of RMB113,930,021.65 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 Revised Consideration I by its existing internal resources.

THE PROPOSED ACQUISITION II

Background

As disclosed in the Company's announcement dated 16 June 2025, Yatai Heating and Changre Group entered into the Assets Transfer Agreement II dated 16 June 2025, pursuant to which Yatai Heating has conditionally agreed to purchase, and Changre Group has conditionally agreed to sell certain structures, machineries and equipment currently used by Changre Group for heat production purposes.

The Supplemental Assets Transfer Agreement II

The Company hereby announces that on 15 August 2025, Yatai Heating and Changre Group entered into a supplemental agreement to the Assets Transfer Agreement II (the "**Supplemental Assets Transfer Agreement II**"), pursuant to which the parties have agreed to amend certain terms of the Assets Transfer Agreement II, including but not limited to the scope of the assets to be acquired by Yatai Heating and the consideration payable by Yatai Heating.

The table below sets forth (a) the key terms of the Assets Transfer Agreement II and the Supplemental Assets Transfer Agreement II; and (b) the appraised value and net book value of the assets intended to be acquired by Yatai Heating as at the Valuation Date:

	Assets Transfer Agreement II	Assets Transfer Agreement II (as amended and supplemented by the Supplemental Assets Transfer Agreement II)
Scope of the assets to be acquired by Yatai Heating	(a) 24 buildings (b) 3 structures (c) 326 machineries and equipment	(a) 326 machineries and equipment (the “ Revised Target Assets II ”)
Consideration payable by Yatai Heating to Changre Group	RMB41,710,863.00	RMB16,457,865.00 (the “ Revised Consideration II ”)
Appraised value of the assets to be acquired by Yatai Heating	RMB41,710,863.00	RMB16,457,865.00
Net book value of the assets to be acquired by Yatai Heating	RMB31,601,350.02	RMB12,921,402.21

In light of the amendments made in the Supplemental Assets Transfer Agreement II, the Revised Consideration II payable by Yatai Heating to Changre Group in respect of the Proposed Acquisition II is RMB16,457,865.00. The Revised Consideration II has been arrived at after arm’s length negotiations between Yatai Heating and Changre Group with reference to the total appraised value of the Revised Target Assets II of RMB16,457,865.00 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 Revised Consideration II by its existing internal resources.

OTHERS

As a result of the exclusion of buildings (the “**Buildings**”) and the related structures from the scope of assets to be acquired pursuant to the Assets Transfer Agreement I (as amended and supplemented by the First Supplemental Assets Transfer Agreement I and the Second Supplemental Assets Transfer Agreement I) and the Assets Transfer Agreement II (as amended and supplemented by the Supplemental Assets Transfer II),

(a) upon completion of the Proposed Acquisitions, Changre Group shall grant the Company or Yatai Heating (where appropriate) a right of use of the Buildings and the related structures at nil consideration; and (b) corresponding amendments have also been made to those provisions concerning the Buildings and the related structures.

Save for the aforesaid amendments, all other terms and conditions of the Assets Transfer Agreement I (as amended and supplemented by the First Supplemental Assets Transfer Agreement I) and the Assets Transfer Agreement II remain unchanged and continue in full force and effect.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SECOND SUPPLEMENTAL ASSETS TRANSFER AGREEMENT I AND THE SUPPLEMENTAL ASSETS TRANSFER AGREEMENT II

The Buildings which initially form part of the Target Assets I and the Target Assets II do not possess valid ownership certificates or the land use rights for the land associated with certain Buildings have expired.

In light of the ownership defects associated with the Buildings, (i) Changre Group has undertaken in the relevant original Assets Transfer Agreement entered into on 16 June 2025 to indemnify the Company or Yatai Heating (where appropriate) for any losses suffered by the Company or Yatai Heating (where appropriate) in respect of any defects in the ownership of any Buildings and the amount of indemnity shall equal to the amount of consideration paid by the Company or Yatai Heating (where appropriate) in respect of the subject Building together with interests accrued; (ii) the Company's PRC legal adviser (the "**PRC Legal Adviser**") is of the view that the indemnity provisions are enforceable under the Civil Code of the People's Republic of China; and (iii) the PRC Legal Adviser's view that the ownership defects associated with the Buildings will not affect the occupant's normal use of them and that the likelihood that the Buildings would be mandatorily be required to be demolished is low.

Nevertheless, in view of the forthcoming commencement of the 2025–2026 heat supply period in mid-October 2025, the Group intends to complete the Proposed Acquisitions as soon as possible, in particular the acquisition of machineries and equipment, etc. which are used for heat production purposes, such that the Group could utilize such machineries and equipment to generate heat during the 2025–2026 heat supply period.

Having further taking into consideration the expected time involved for the Controlling Shareholder Group to renew the land use rights where the Buildings currently situate and/or apply for the ownership certificates for the Buildings, 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 it is in the interests of the Company and the Shareholders as a whole to exclude the acquisition of the Buildings and the related structures from the Proposed Acquisitions such that the Group could proceed with the acquisition of land with ownership certificates, pipes and trenches, machinery and equipment, electronic equipment and vehicle which are used for heat production purposes as soon as practicable.

Upon completion of the Proposed Acquisitions, the Controlling Shareholder Group will grant the Group a right of use of the land, the Buildings and the related structures which the Target Assets (as revised by the First Supplemental Assets Transfer Agreement I, the Second Supplemental Assets Transfer Agreement I and the Supplemental Assets Transfer Agreement II) currently situate on at nil consideration. As such, 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 the non-acquisition of the Buildings and the related structures would not have a material impact on the expected benefits brought by the Proposed Acquisitions to the Group as detailed in the Company's announcement dated 16 June 2025.

Further information on 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, 15 August 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*