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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 RENEWAL OF TENANCY AGREEMENT 4

Reference is made to the announcement of Jilin Province Chuncheng Heating Company Limited* (the “**Company**”) dated 28 August 2023 (the “**Announcement**”) in relation to, among others, the tenancy agreement between the Company (as tenant) and Chuncheng Investment (as landlord) dated 9 October 2022 in relation to the leasing of Premises 4 by the Company. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

1. BACKGROUND

As disclosed in the Announcement, the Tenancy Agreement 4 expired on 9 October 2023. Having considered the location of Premises 4 and the rent charged by Chuncheng Investment is fair, the Company considers it appropriate to continue to lease Premises 4 as its headquarters. Accordingly, the Company (as tenant) and Chuncheng Investment (as landlord) entered into a new tenancy agreement dated 9 October 2023 (the “**Tenancy Agreement 4 (Renewed)**”) in respect of Premises 4.

2. TENANCY AGREEMENT 4 (RENEWED)

Set out below are the principal terms of the Tenancy Agreement 4 (Renewed)

Date of agreement:	9 October 2023
Parties:	The Company, as tenant Chuncheng Investment, as landlord
Term:	10 October 2023 to 9 October 2024
Leased Property:	Premises 4
Area of the premises:	1,700 sq.m.
Use:	Office
Rent:	RMB990,000 per annum
Payment terms:	The Company shall pay the rent on a quarterly basis.

The rent and other terms of the Tenancy Agreement 4 (Renewed) were arrived at after arm's length negotiations between the Company and Chuncheng Investment and determined with reference to the prevailing market rent of premises of similar type and size in the proximity.

3. HISTORICAL TRANSACTION AMOUNTS AND REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT 4 (RENEWED)

The Company has been leasing Premises 4 from Chuncheng Investment for office use as its headquarters since October 2021. As disclosed in the Announcement, the Tenancy Agreement 4 expired on 9 October 2023. Having considered the location of Premises 4 and the rent charged by Chuncheng Investment is fair, the Company considers it appropriate to continue to lease Premises 4 as its headquarters and enter into the Tenancy Agreement 4 (Renewed). For the year ended 31 December 2022, the total amount of rent paid by the Company to Chuncheng Investment in respect of the tenancy arrangement for Premises 4 was RMB990,000.

Based on the above, the Directors (excluding Mr. Sun Huiyong who abstained from voting on the relevant Board resolution for approving the Tenancy Agreement 4 (Renewed)) consider (i) the transactions contemplated under the Tenancy Agreement 4 (Renewed) 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 Tenancy Agreement 4 (Renewed) (including the rent payable by the Company to Chuncheng Investment) to be fair and reasonable.

4. ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2023

As disclosed in the Announcement, the Group has entered into several tenancy agreements with Chuncheng Investment. In accordance with Rule 14A.81 of the Listing Rules, the rent payable under the Tenancy Arrangements (including the transactions contemplated under the Tenancy Agreement 4 (Renewed)) shall be aggregated. Pursuant to the terms of the prevailing Tenancy Arrangements (including the transactions contemplated under the Tenancy Agreement 4 (Renewed)), the maximum rent payable by the Group to Chuncheng Investment thereunder for the year ending 31 December 2023 will be approximately RMB3,047,750.

5. INFORMATION OF THE PARTIES INVOLVED

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.

6. 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 such, the Tenancy Arrangements (including the transactions contemplated under the Tenancy Agreement 4 (Renewed)) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. While all the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions contemplated under the Tenancy Agreement 4 (Renewed), on a standalone basis, are less than 5% and the total rent

payable thereunder for the year ending 31 December 2023 is less than HK\$3,000,000, certain applicable percentage ratios under Rule 14.07 of the Listing Rules for transactions contemplated under the Tenancy Arrangements (including the transactions contemplated under the Tenancy Agreement 4 (Renewed)), on an aggregated basis, for the year ending 31 December 2023 are over 0.1% but all of them are less than 5%. As such, the Tenancy Arrangements (including the transactions contemplated under the Tenancy Agreement 4 (Renewed)) are 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. Please refer to the Announcement for further information about the Tenancy Arrangements.

Pursuant to the Listing Rules and the articles of association of the Company, Mr. Sun Huiyong is considered having direct or indirect material interest in the Tenancy Agreement 4 (renewed) by virtue of Mr. Sun Huiyong being a party secretary and chairman of Chuncheng Investment. Accordingly, Mr. Sun Huiyong has abstained from voting on the relevant Board resolution for approving the Tenancy Agreement 4 (Renewed). Save as disclosed above, none of the Directors has a material interest in or is required to abstain from voting on the board resolution in relation to the Tenancy Agreement 4 (Renewed).

By order of the Board
Jilin Province Chuncheng Heating Company Limited*
SUN Huiyong
Chairman

Jilin, the PRC, 9 October 2023

As at the date of this announcement, the non-executive Director of the Company is Mr. Sun Huiyong (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*