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

**吉林省春城热力股份有限公司**

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

**(Stock Code: 1853)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **FINANCIAL HIGHLIGHTS FOR THE 2024 RESULTS ANNOUNCEMENT**

- The revenue of the Group for the year ended 31 December 2024 was RMB1,805.70 million, representing an increase of 6.57% over the comparative figure of 2023.
- The profit before tax of the Group for the year ended 31 December 2024 was RMB138.32 million, representing a decrease of 17.90% over the comparative figure of 2023.
- The net profit attributable to equity holders of the Group for the year ended 31 December 2024 was RMB99.90 million, representing a decrease of 17.41% over the comparative figure of 2023.
- Earnings per Share for the year ended 31 December 2024 was RMB0.21, representing a decrease of RMB0.05 over the comparative figure of 2023.
- The Board proposed the distribution of a final dividend of RMB0.065 per Share (tax inclusive) for the year ended 31 December 2024 (subject to the approval by the Shareholders at the forthcoming AGM).

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023. The results were prepared in accordance with the disclosure requirements under the ASBEs.

**FINANCIAL INFORMATION***(ALL AMOUNTS IN RMB UNLESS OTHERWISE STATED)***COMBINED STATEMENT OF FINANCIAL POSITION**

<b>Asset</b>	<i>Notes</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>CURRENT ASSETS:</b>			
Monetary fund		<b>1,455,774,167.52</b>	1,117,641,609.91
Financial liabilities measured at fair value through profit or loss		—	—
Held-for-trading financial assets		—	—
Derivative financial assets		—	—
Bills receivable		—	—
Trade receivables	6	<b>292,454,028.46</b>	145,484,702.63
Trade receivables financing		—	—
Prepayment		<b>696,052,863.29</b>	560,281,310.77
Other receivables		<b>143,150,344.45</b>	19,880,079.38
Inventories		<b>8,788,546.82</b>	6,713,395.63
Contract assets	7	<b>46,964,015.19</b>	65,115,247.85
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets		<b><u>33,620,803.95</u></b>	<u>26,982,649.84</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u><u>2,676,804,769.68</u></u></b>	<b><u><u>1,942,098,996.01</u></u></b>

<b>Assets</b>	<i>Notes</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>NON-CURRENT ASSETS:</b>			
Available-for-sale financial assets		—	—
Held-to-maturity investments		—	—
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments		—	—
Other equity instrument investments		—	—
Other non-current financial assets		—	—
Investment properties		—	—
Fixed assets		<b>850,266,318.15</b>	897,056,268.51
Construction-in-progress		<b>53,612,884.26</b>	15,297,566.99
Biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		<b>10,060,235.07</b>	9,151,063.82
Intangible assets		<b>17,259,945.80</b>	14,605,254.11
Development costs		—	—
Goodwill		<b>74,847,680.43</b>	74,847,680.43
Long-term deferred expenditures		—	52,873.11
Deferred income tax assets		<b>62,984,246.27</b>	53,483,180.47
Other non-current assets		—	—
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>1,069,031,309.98</u></b>	<b><u>1,064,493,887.44</u></b>
<b>TOTAL ASSETS</b>		<b><u>3,745,836,079.66</u></b>	<b><u>3,006,592,883.45</u></b>

**LIABILITIES AND EQUITY***Notes*    **31 December 2024**    31 December 2023**CURRENT LIABILITIES:**

Short-term borrowings		<b>616,185,080.42</b>	—
Financial liabilities measured at fair value through profit or loss		—	—
Held-for-trading financial liabilities		—	—
Derivative financial liabilities		—	—
Bills payable		<b>88,600,000.00</b>	183,130,000.00
Trade payables	8	<b>288,333,372.32</b>	197,585,314.62
Advances		—	—
Contract liabilities	9	<b>1,436,470,122.36</b>	1,381,513,668.23
Salaries payable		<b>107,132,207.59</b>	99,420,557.57
Tax payable		<b>19,188,754.70</b>	21,219,468.29
Other payables		<b>17,117,505.96</b>	16,090,642.48
Liabilities held for sale		—	—
Non-current liabilities due within one year		<b>5,912,595.53</b>	2,733,983.62
Other current liabilities		<b>34,420.48</b>	13,028.63

**TOTAL CURRENT LIABILITIES****2,578,974,059.36**    **1,901,706,663.44****NON-CURRENT LIABILITIES:**

Long-term borrowings		—	—
Bonds payable		—	—
Of which: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities		<b>6,700,386.05</b>	6,398,770.88
Long-term payables		<b>2,584,506.04</b>	2,584,506.04
Long-term salaries payable		<b>34,548,188.24</b>	31,338,188.24
Estimated liabilities		—	—
Deferred income		<b>52,153,256.12</b>	39,773,519.76
Deferred income tax liabilities		<b>26,485,876.24</b>	33,502,589.18
Other non-current liabilities		<b>1,229,995.52</b>	1,442,167.11

**TOTAL NON-CURRENT LIABILITIES****123,702,208.21**    **115,039,741.21****TOTAL LIABILITIES****2,702,676,267.57**    **2,016,746,404.65**

**LIABILITIES AND EQUITY***Notes*    **31 December 2024**    31 December 2023**EQUITY:**

Share capital	<b>466,700,000.00</b>	466,700,000.00
Other equity instruments	—	—
Of which: Preference shares	—	—
Perpetual bonds	—	—
Capital reserve	—	—
Less: Treasury stock	—	—
Other comprehensive income	<b>(7,364,142.82)</b>	(2,786,642.82)
Special reserves	<b>25,630,609.10</b>	25,636,436.53
Surplus reserve	<b>45,131,170.29</b>	38,565,035.73
Undistributed profits	<b><u>513,062,175.52</u></b>	<u>461,731,649.36</u>
 Total owners' equity attributable to the parent company	 <b><u>1,043,159,812.09</u></b>	 <u>989,846,478.80</u>
 Minority interests	 <u>—</u>	 <u>—</u>
 <b>TOTAL EQUITY</b>	 <b><u>1,043,159,812.09</u></b>	 <u>989,846,478.80</u>
 <b>TOTAL LIABILITIES AND EQUITY</b>	 <b><u>3,745,836,079.66</u></b>	 <u>3,006,592,883.45</u>

## COMBINED INCOME STATEMENT

Item	Notes	2024	2023
<b>I. TOTAL OPERATING INCOME</b>	<i>10</i>	<b>1,805,700,163.91</b>	1,694,416,835.88
Less: Operating costs	<i>10</i>	<b>1,548,545,151.47</b>	1,428,526,474.25
Taxes and surcharges		<b>4,746,912.72</b>	4,547,238.86
Selling expenses		<b>812,474.93</b>	1,825,236.87
Administrative expenses		<b>108,944,773.23</b>	100,537,572.65
Research and development expenses		<b>1,486,773.25</b>	2,317,798.09
Finance costs		<b>(3,919,416.47)</b>	(4,466,812.57)
Of which: Interest expenses		<b>9,255,842.25</b>	12,114,895.93
Interest income		<b>13,735,707.44</b>	17,274,669.76
Add: Other income		<b>5,987,107.70</b>	12,231,569.75
Investment income		—	—
Of which: Investment income from associates and joint ventures		—	—
Gain on derecognition of financial assets measured at amortized cost		—	—
Net gain from hedging exposure		—	—
Gain on changes in fair value		—	—
Credit impairment loss		<b>(20,918,284.53)</b>	(3,571,744.49)
Impairment loss on assets		<b>7,897,909.73</b>	(32,058.81)
Gain on disposal of assets		<b>86,422.03</b>	—
<b>II. OPERATING PROFIT</b>		<b>138,136,649.71</b>	169,757,094.18
Add: Non-operating income		<b>1,713,662.96</b>	1,014,761.87
Less: Non-operating expenses		<b>1,529,646.74</b>	2,300,071.57
<b>III. TOTAL PROFIT</b>		<b>138,320,665.93</b>	168,471,784.48
Less: Income tax expenses	<i>11</i>	<b>38,421,005.21</b>	47,516,257.15

Item	Notes	2024	2023
<b>IV. NET PROFIT</b>		<b><u>99,899,660.72</u></b>	<b><u>120,955,527.33</u></b>
Of which: Net profit realized by the acquiree of the business combination under common control before the combination			
(I) Classified by continuity of operation			
Net profit from continuing operation		99,899,660.72	120,955,527.33
Net profit from discontinued operation		—	—
(II) Classified by ownership			
Net profit attributable to owners of the parent company		99,899,660.72	120,955,527.33
Minority interests		—	—
<b>V. OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		<b><u>(4,577,500.00)</u></b>	<b><u>(1,000,000.00)</u></b>
Other comprehensive income attributable to owners of the parent company, net of tax		<u>(4,577,500.00)</u>	<u>(1,000,000.00)</u>
(I) Other comprehensive income that may not be reclassified to profit or loss		<u>(4,577,500.00)</u>	<u>(1,000,000.00)</u>
1. Net changes from re-measurement of defined benefit plans		(4,577,500.00)	(1,000,000.00)
2. Other comprehensive income that may not be transferred to profit or loss under the equity method		—	—
3. Changes in fair value of other equity instrument investments		—	—
4. Changes in fair value of the company's own credit risk		—	—
5. Others		—	—

Item	Notes	2024	2023
(II) Other comprehensive income that may be reclassified to profit or loss		<u>—</u>	<u>—</u>
1. Other comprehensive income that may be transferred to profit or loss under the equity method		—	—
2. Changes in fair value of available-for-sale financial assets		—	—
Other comprehensive income attributable to minority shareholders, net of tax		<u>—</u>	<u>—</u>
<b>VI. TOTAL COMPREHENSIVE INCOME</b>		<b><u>95,322,160.72</u></b>	<b><u>119,955,527.33</u></b>
Total comprehensive income attributable to owners of the parent company		<b>95,322,160.72</b>	119,955,527.33
Total comprehensive income attributable to minority shareholders		—	—
<b>VII. EARNINGS PER SHARE:</b>			
(I) Basic earnings per share	12	<b>0.21</b>	0.26
(II) Diluted earnings per share	12	<b>0.21</b>	0.26



## NOTES OF FINANCIAL INFORMATION

### 1. CORPORATE AND GROUP INFORMATION

Jilin Province Chuncheng Heating Company Limited (the “Company”), formerly known as “Jilin Province Changre New Energy Co., Ltd.” or “Jilin Province Chuncheng Heating Limited Liability Company”, is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”) on 23 October 2017. The registered office of the Company is located at No. 28, Block B (Hongcheng Xiyu), Nanhu Road Community, No. 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province.

The H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 24 October 2019.

During the year, the Company and its subsidiaries (collectively, the “Group”) were involved in the following principal activities:

- (1) Heat supply, including the provision and distribution of heat, pipeline connection fee and heat transmission;
- (2) Construction, maintenance, design and others.

The controlling shareholder of the Company is Changchun Heating Power (Group) Company Limited\* (長春市熱力(集團)有限責任公司), previously known as Changchun Chuncheng Investment Development Group Company Limited\* (長春市春城投資發展集團有限公司), a company established in the PRC and wholly-owned by the State-owned Assets Supervision and Administration Commission of Changchun (the “SASAC Changchun”) (長春市人民政府國有資產監督管理委員會).

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company carried out recognition and measurement based on actual transactions and events occurred and in accordance with the requirements of the Accounting Standards for Business Enterprises — Basic Standards (《企業會計準則—基本準則》) and specific accounting standards for business enterprises, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (hereafter collectively referred as “ASBEs”) published by the Ministry of Finance of the PRC. In addition, these financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

### 3. GOING CONCERN

The Company has assessed its ability to continue as a going concern for the next 12 months from the end of the Reporting Period, and has not identified any matters or circumstances that cast significant doubt on the Company’s ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern assumption.

#### 4. ACCOUNTING ERRORS IN PREVIOUS PERIOD

Nil.

#### 5. OPERATING SEGMENT INFORMATION

For management purposes, the Group considers the business from the perspective of service activities, which mainly include the following two reportable segments:

- (1) Heat supply, including the provision and distribution of heat, pipeline connection fee and heat transmission;
- (2) Construction, maintenance, design and others.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The operating segments are each managed separately because they distribute distinct products/services with different production/distribution processes and due to their distinct operating and gross margin characteristics.

Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss before tax. Intersegment sales and transfers are conducted with reference to the selling prices used for sales made to third parties at the contractual prices which are comparable to prevailing market prices.

*Unit: RMB*

For the year ended 31 December 2024	Heat supply	Construction, maintenance and design services and others	Total
Segment revenue	1,621,633,563.59	288,068,570.10	1,909,702,133.69
Sales to external customers	1,615,314,894.83	190,385,269.08	1,805,700,163.91
Intersegment sales	<u>6,318,668.76</u>	<u>97,683,301.02</u>	<u>104,001,969.78</u>

*Reconciliation:*

Elimination of intersegment sales	<u>(104,001,969.78)</u>
	<u><u>1,805,700,163.91</u></u>

For the year ended 31 December 2023	Heat supply	Construction, maintenance and design services and others	Total
Segment revenue	1,576,503,226.62	212,285,644.28	1,788,788,870.90
Sales to external customers	1,570,725,340.02	123,691,495.86	1,694,416,835.88
Intersegment sales	<u>5,777,886.60</u>	<u>88,594,148.42</u>	<u>94,372,035.02</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(94,372,035.02)</u>
			<u><u>1,694,416,835.88</u></u>

## 6. TRADE RECEIVABLES

*Unit: RMB*

Ageing	2024	2023
Within 1 year	<b>240,784,530.94</b>	108,515,193.83
1–2 years	<b>50,660,189.88</b>	25,904,931.63
2–3 years	<b>16,463,637.23</b>	26,135,489.12
3–4 years	<b>18,091,660.10</b>	10,775,292.73
4–5 years	<b>8,163,363.23</b>	9,625,560.60
Over 5 years	<u><b>17,834,792.54</b></u>	<u>14,581,959.35</u>
Sub-total	<u><b>351,998,173.92</b></u>	<u>195,538,427.26</u>
Less: Provision for bad debts	<u><b>59,544,145.46</b></u>	<u>50,053,724.63</u>
Total	<u><b>292,454,028.46</b></u>	<u>145,484,702.63</u>

## 7. CONTRACT ASSETS

Unit: RMB

Item	2024			2023		
	Balance of carrying amount	Impairment provision	Carrying amount	Balance of carrying amount	Impairment provision	Carrying amount
Work completed but not billed	72,582,153.28	34,642,465.38	37,939,687.90	113,514,374.22	52,143,556.18	61,370,818.04
Warranty	<u>12,203,778.86</u>	<u>3,179,451.57</u>	<u>9,024,327.29</u>	<u>9,533,356.68</u>	<u>5,788,926.87</u>	<u>3,744,429.81</u>
Total	<u>84,785,932.14</u>	<u>37,821,916.95</u>	<u>46,964,015.19</u>	<u>123,047,730.90</u>	<u>57,932,483.05</u>	<u>65,115,247.85</u>

## 8. TRADE PAYABLES

Unit: RMB

Item	2024	2023
Within 1 year	228,146,149.72	129,093,997.38
1–2 years	14,745,559.16	59,366,974.70
2–3 years	39,714,923.61	2,388,626.14
Over 3 years	<u>5,726,739.83</u>	<u>6,735,716.40</u>
Total	<u>288,333,372.32</u>	<u>197,585,314.62</u>

## 9. CONTRACT LIABILITIES

Unit: RMB

Item	2024	2023
Advance heating fee	907,054,050.83	864,090,605.87
Pipeline connection fee	526,102,482.25	512,513,296.45
Custodian fee	2,617,869.47	2,298,695.48
Advance project payments	<u>695,719.81</u>	<u>2,611,070.43</u>
Total	<u>1,436,470,122.36</u>	<u>1,381,513,668.23</u>

## 10. OPERATING INCOME AND OPERATING COSTS

Unit: RMB

Item	2024		2023	
	Income	Cost	Income	Cost
Principal business	1,800,308,638.17	1,546,086,707.25	1,686,741,522.54	1,426,259,218.50
Other businesses	<u>5,391,525.74</u>	<u>2,458,444.22</u>	<u>7,675,313.34</u>	<u>2,267,255.75</u>
Total	<u>1,805,700,163.91</u>	<u>1,548,545,151.47</u>	<u>1,694,416,835.88</u>	<u>1,428,526,474.25</u>

## 11. INCOME TAX EXPENSES

Unit: RMB

### 1. Income tax expenses

Item	2024	2023
Current income tax expenses	54,136,575.96	55,218,960.37
Deferred income tax expenses	<u>(15,715,570.75)</u>	<u>(7,702,703.22)</u>
Total	<u>38,421,005.21</u>	<u>47,516,257.15</u>

### 2. Reconciliation between accounting profit and income tax expenses

Item	2024	2023
Total profit	138,320,665.93	168,471,784.48
Income tax expenses calculated at statutory/applicable tax rates	34,052,554.31	42,117,946.12
Effect of different tax rates applied by subsidiaries	439,395.10	399,263.71
Effect of adjustments to income tax on prior periods	(650,514.27)	(16,069.39)
Effect of non-taxable income	—	—
Effect of non-deductible costs, expenses and losses	109,200.04	826,781.19
Effect of deductible loss on utilisation of deferred income tax assets that were not recognised in the previous period	(8,764.62)	(1,004,896.70)
Effect of deductible temporary difference or deductible loss on deferred income tax assets that were not recognised in the current period	4,479,134.65	5,193,232.22
Others	<u>—</u>	<u>—</u>
Income tax expenses	<u>38,421,005.21</u>	<u>47,516,257.15</u>

## 12. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Unit: RMB

Profit during the Reporting Period	Weighted average return rate on net assets (%)	EARNINGS PER SHARE	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	9.77	0.21	0.21
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	<u>8.97</u>	<u>0.20</u>	<u>0.20</u>

## 13. DIVIDEND

Unit: RMB

Item	2024	2023
Final dividend proposed after the end of the Reporting Period of RMB0.065 (2023: RMB0.09) per share	<u>30,335,500.00</u>	<u>42,003,000.00</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Industry Overview

The heating industry plays a crucial role in ensuring residents' lives and promoting economic development. With the acceleration of China's urbanization process and the improvement of people's living standards, the scale of the heating market has been continuously expanding. Centralized heating has been widely promoted due to its advantages such as fuel savings, pollution reduction, land conservation and improvement of heating quality. In recent years, China's heating industry has made remarkable progress in technology. On the one hand, new heating technologies such as under-floor heating and air-source energy heat pump have been widely applied, improving heating efficiency. On the other hand, the application of intelligent technologies has also made the heating system more energy-efficient and environmentally friendly. In addition, building energy-saving renovations and the research and development of new energy heating have also brought new development opportunities to the heating industry.

In the heating market structure, regional heating enterprises occupy an important position. The northern regions, especially in Northeast China, North China, and Northwest China, have a high dependence on centralized heating due to climatic reasons, and heating enterprises in these regions account for a large market share. Moreover, with the acceleration of the urbanization process, the heating markets in emerging cities and areas are also expanding rapidly. According to statistics from the National Bureau of Statistics, by the end of 2023, the national total heating service area increased from 8.781 billion square metres in 2018 to 11.549 billion square metres in 2023, representing a compound annual growth rate of 4.67%, and the pipes length of centralized heating grew from 371,100 kilometres in 2018 to 523,700 kilometres in 2023, representing a compound annual growth rate of 5.91%.

To promote the development of the heating industry, the State has introduced a series of policies, such as the Development Plan for the Heating Industry (《供熱行業發展規劃》) and the Administrative Measures for Heating Pricing (《供熱價格管理辦法》), which clarify the development direction, industry standards, and pricing principles for the heating industry, thereby creating a favorable environment for its growth. Regarding environmental protection, the State places high importance on energy conservation and emission reduction, setting higher requirements for the heating industry to facilitate its green transformation. In this regard, the State Council and the National Development and Reform Commission have successively issued documents including the 2024-2025 Action Plan for Energy Conservation and Carbon Reduction (《2024-2025年節能降碳行動方案》) and the Opinions on Strengthening the Clean and Efficient Utilization of Coal (《關於加強煤炭清潔高效利用的意見》). Additionally, the Standing Committee of the National People's Congress has enacted the Energy Law of the People's Republic of China, which emphasizes green and low-carbon energy development, increases support for clean energy, and prioritizes clean heating in northern regions during winter to achieve multiple benefits in energy conservation and carbon reduction. Furthermore, the State actively promotes the reform of the heating market by encouraging social capital to participate in the construction and operation of the heating industry. Through tax incentives and financial subsidies, heating enterprises are motivated to pursue

technological innovation and equipment upgrades, thereby enhancing the overall level of the industry. These policies lay a solid foundation for the sustainable development of the heating industry.

Smart heating, as a product of the deep integration of the heating industry and modern information technology, leverages advanced technologies such as the Internet of Things, big data, cloud computing, and artificial intelligence to achieve intelligent management and optimization of heating systems, improve energy efficiency, and reduce energy consumption and emissions. In the future, with the deepening application of artificial intelligence, big data, cloud computing, and industrial internet in the heating industry, intelligent and automated technologies will become more prevalent. Digital and intelligent technologies will facilitate the automatic adjustment and optimization of heating systems, significantly improving heating efficiency and user comfort.

## **II. Business Review**

In 2024, amidst a market environment characterized by both challenges and opportunities, the Group upheld its mission of “fulfilling the responsibilities of a state-owned enterprise and sincerely serving society (踐行國企責任、真誠服務社會)”. The Group continued to optimize its heat supply services and improve operational efficiency, achieving robust development while fulfilling its social responsibilities. This accomplishment strengthened the Group’s core competitiveness and sustainable development capabilities, enabling it to successfully meet its key annual targets. During the Reporting Period, the Group recorded a total operating revenue of RMB1,805.70 million and a total profit of RMB138.32 million. As of 31 December 2024, the Group’s total assets amounted to RMB3,745.84 million, and the owners’ equity attributable to shareholders of the listed company was RMB 1,043.16 million.

### **(1) Heat Supply Business**

For the year ended 31 December 2024, the Group’s heat supply area was 69.762 million sq.m., representing an increase of 2.645 million sq.m. or 3.94% from 67.117 million sq.m. in 2023, and the Group had 572,058 heat supply customers, representing an increase of 20,500 users or 3.72% from 551,558 in 2023. For the year ended 31 December 2024, the Group’s revenue from heat supply business was RMB1,615.31 million, representing an increase of RMB44.59 million or 2.84% from RMB1,570.73 million in 2023.



## 1. *Customers*

Customers of the Group's heat supply business are generally residential and non-residential users within the Group's heat service area. The table below sets out a breakdown of the number of, and revenue contribution by, residential and non-residential users of the Group for the year ended 31 December 2024.

	As at/for the year ended 31 December			
	2024		2023	
	Number of customers	% of revenue from heat supply	Number of customers	% of revenue from heat supply
Residential users <sup>(1)</sup>	505,589	88.38%	493,271	89.43%
Non-residential users <sup>(2)</sup>	<u>66,469</u>	<u>11.62%</u>	<u>58,287</u>	<u>10.57%</u>
<b>Total</b>	<b><u>572,058</u></b>	<b><u>100%</u></b>	<b><u>551,558</u></b>	<b><u>100%</u></b>

*Notes:*

(1) The number of residential users is per household.

(2) Non-residential users represent end-users other than residential users, such as industrial end-users, commercial end-users and other end-users.

## 2. *Heat procurement*

In recent years, the government has been gradually launching projects in pilot cities for clean heating in the north, and the Group has continued its model of providing heat supply from clean energy sources with cogeneration as the main source for the purpose of providing heating services to heat users within its jurisdiction in winter. During the Reporting Period, for the purpose of meeting the demand from the Group's additional heat service area, apart from purchasing cogeneration power from four thermal power plants, the Group also purchased heat from peak-shaving boilers of Changre Group, its controlling shareholder, for heating. In addition, Yatai Heating and Xixing Energy, and Chuncheng Biomass provided heat supply through coal-fired boilers and biomass fuels, respectively.

For the year ended 31 December 2024, the total heat procurement by the Group from local cogeneration plants and its controlling shareholder, Changre Group, amounted to 20.66 million GJ and 1.38 million GJ respectively, with a total heat procurement of 22.04 million GJ, among which 19.9 million GJ of heat was used for the Group's heat supply and production purposes.

### 3. *Heat transmission*

For the year ended 31 December 2024, approximately 2.14 million GJ of heat procurement quota obtained from the cogeneration plants and Changre Group, the controlling shareholder, by the Group was transferred to four other heat service providers. The Group received a total heat transmission fee of RMB12.02 million from such four heat service providers.

The following table sets forth the breakdown of the usage of the Group's heat procurement for the year ended 31 December 2024:

	<b>As at/for the year ended</b>	
	<b>2024</b>	<b>31 December 2023</b>
Estimated heat procurement quota (GJ) <sup>(1)</sup>	<b>22,900,000</b>	23,380,000
Heat procurement quota transferred (GJ) <sup>(2)</sup>	<b>2,135,587</b>	2,263,513
Actual consumption (GJ) <sup>(3)</sup>	<b>19,900,340</b>	20,694,183
Total heat procured (GJ) <sup>(4)</sup>	<b>22,035,927</b>	22,957,696
Utilization rate <sup>(5)</sup>	<b>86.90 %</b>	88.51 %

*Notes:*

- (1) The heat procurement quota was an estimate of the heat procurement prior to each heat supply period based on the historical heat procurement amount.
- (2) During the Reporting Period, the Group transferred certain portion of procured heat to four other heat service providers. The Group charged heat transmission fees accordingly.
- (3) Actual consumption of heat procured by the Group represents the aggregate amount of actual heat supply and consumption data each month as recorded by measuring equipment and reviewed and agreed by each of the four local cogeneration plants and the controlling shareholder, Changre Group, and the Group.
- (4) The total heat procured was the sum of heat procurement quota transferred and the actual consumption. Procurement of heat exceeding the estimated heat procurement quota is subject to the supplemental agreements between the cogeneration plants and the Group.
- (5) Utilization rate of heat procurement is calculated by dividing the actual consumption by the estimated heat procurement quota.

## **(2) Construction, Maintenance, Design and Others**

The Group's construction, maintenance, design and others cover the peripheral services business of the heat supply industry chain. The Group mainly provides services including engineering construction, engineering maintenance, design services and so on for heat supply companies or end-users. These services mainly cover northeast China. For the year ended 31 December 2024, revenue generated from the Group's construction, maintenance and design services and others amounted to RMB190.39 million, representing an increase of RMB66.70 million, or 53.92%, from RMB123.69 million in 2023.

The engineering construction business undertook a total of 227 projects during the year, of which 222 were completed, including the Dual-Carbon Industrial Guidance Zone (Zone 3) Park Luminggu Project Thermal Facilities Supporting Project Pressure — Isolating Station (雙碳產業引導區(三區)園區鹿鳴穀項目熱力配套工程隔壓站), Changchun Jingyue High-tech Industrial Development Zone 2023 Luminggu Infrastructure Supporting Project Lot B1 Heat Station and Supporting Secondary Network Project (長春淨月高新技術產業開發區2023年鹿鳴穀基礎設施配套工程B1地塊熱力站及配套二次網工程). During the year, the Group strengthened on-site construction organization and safety management of projects, and improved construction efficiency while consolidating safety responsibilities at all levels to ensure high quality and stable progress of the projects.

The engineering maintenance business undertook and completed a total of 37 projects during the year, including the heat supply rearrangement project for the plot south of Yannian Road in the Changchun Yitong River Basin Shantytown Renovation and Comprehensive Land Improvement Project (長春市伊通河流域棚戶區改造及土地綜合整治項目), as well as the heat pipeline rearrangement project for the Changchun City's Five Major Sewage Treatment Systems — Caizhi Street Sewage Upgrading Project (長春市五大污水處理系統—彩織街污水提升工程). To ensure the smooth progress of the project, the Group has strengthened the construction safety and production management in strict compliance with the construction planning. The Group also implemented safety measures to ensure that the project quality is up to standard.

The design services business undertook a total of 94 projects during the year, of which 71 were completed, including key projects such as the heat network construction project in the western region in Yanji City and the heating renovation project in the Evergrande Yushui manor subdivision. During the year, the thermal engineering design business developed steadily with remarkable technological innovation achievements. There were 3 new scientific research projects of industry-university-research cooperation, and 2 invention patents and 1 utility model patent were authorized.

### **(3) *Safety Management***

In 2024, the Group resolutely implemented all major decisions and deployments from the government at all levels with regard to safety production. Specifically, the Group firmly established the safety development concept and strengthened the effective implementation of the responsibility of “three controls and three musts”. In strict adherence to the rules and regulations of production safety, the Group increased its efforts on safety management and consolidated the initiatives of production safety. Through continuous construction of the dual prevention mechanism and production safety standardization, the Group improved the safety assessment rules and regulations and emergency plans for safety programs. In addition, the Group organized safety education training and emergency drills, and strengthened the supervision and control of production safety and the investigation and management of hidden dangers, which provided a strong safeguard for the safe and stable production and operation of the enterprise and ensured the successful completion of the annual safety management objectives. During the Reporting Period, the Group did not have any major safety accidents.

### **(4) *Technology and R&D***

In order to improve the efficiency of heat energy utilization, the Group has developed the “Heat Exchanger Energy Efficiency Evaluation System”, which is now officially put into operation. The system replaces manual experience with intelligent analysis to scientifically guide the production operation and improve the economic efficiency of the enterprise. The system also plays an important role in digitalization and safe production by significantly improving scientificity, security and precise control of the system operation.

The Group has developed the “Equipment Ledger Management System” (設備台賬管理系統) based on the actual needs of equipment management, which had been put into use for testing. Currently, some functions of the PC and mobile terminals are being developed and optimized, and it is expected to be fully optimized and put into use in the first half of 2025. The system will further enhance the digital management level of the Group’s equipment assets.

During the Reporting Period, the Group obtained a total of 5 utility model patents issued by the China National Intellectual Property Administration.

### **(5) *Honors and Awards***

In August 2024, the Group was awarded the “2024 Energy Efficiency Leader in China’s Heating Industry” and “Outstanding Organization Award of the Seventh China Heating Academic Conference” from China Downtown Heating Association.

### III. Financial Position and Operating Results

#### (1) Revenue

The Group's revenue increased by 6.57% to RMB1,805.70 million in 2024 as compared with RMB1,694.42 million in 2023, which was mainly attributed to (i) an increase in revenue from business of provision and distribution of heat of RMB44.59 million as a result of the increase in heat service area; and (ii) the revenue from the Group's engineering construction business increased by RMB66.70 million due to undertaking of more projects during the year.

	2024 RMB'000	2023 RMB'000	Change in percentage
<b>Heat supply, of which:</b>			
Provision and distribution of heat	1,519,138	1,482,234	2.49%
Pipeline connection fee	84,157	69,781	20.60%
Heat transmission	<u>12,020</u>	<u>18,710</u>	<u>(35.76)%</u>
Sub-total	<u><u>1,615,315</u></u>	<u><u>1,570,725</u></u>	<u><u>2.84%</u></u>
<b>Construction, maintenance and design services and others, of which:</b>			
Engineering construction	50,981	49,699	2.58%
Engineering maintenance	40,257	23,642	70.28%
Design services	8,177	7,869	3.91%
Others	<u>90,970</u>	<u>42,481</u>	<u>114.14%</u>
Subtotal	<u><u>190,385</u></u>	<u><u>123,692</u></u>	<u><u>53.92%</u></u>
Total	<u><u>1,805,700</u></u>	<u><u>1,694,417</u></u>	<u><u>6.57%</u></u>

## **(2) Other Income and Other Net Gains**

The Group's other income and other net gains decreased by 29.76% to RMB21.44 million in 2024 as compared with RMB30.52 million in the same period of 2023, mainly due to the decrease in interest income and government grant.

## **(3) Operating Costs**

The Group's operating costs increased by 8.40% to RMB1,548.55 million in 2024 as compared with RMB1,428.53 million in 2023.

The following table sets out the breakdown of the operating costs by business segment:

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>	<b>Change in percentage</b>
<b>Operating costs by business segment</b>			
Heat supply	<b>1,383,688</b>	1,333,808	3.74%
Construction, maintenance, design and others	<b><u>164,857</u></b>	<u>94,718</u>	<u>74.05%</u>
Total	<b><u><u>1,548,545</u></u></b>	<u><u>1,428,526</u></u>	<u><u>8.40%</u></u>

### *Heat supply costs*

Operating costs for heat supply business primarily consist of heat procurement costs in connection with heat procurement from local cogeneration plants and the controlling shareholder, cost of purchase of coal for heat produced by coal-fired boilers, repair and labor cost (primarily includes wages, salaries and benefits for our employees involved in the provision and distribution of heat) and utility costs. The breakdown of operating costs by heat supply business segment is as follows:

	2024 RMB'000	2023 RMB'000	Change in percentage
<b>Operating costs for heat supply</b>			
Heat procurement costs	757,278	750,564	0.89%
Coal	51,772	43,594	18.76%
Maintenance and repair	131,150	121,971	7.53%
Labor	154,119	146,363	5.30%
Depreciation and amortization	130,686	127,948	2.14%
Utility	76,444	72,673	5.19%
Input VAT transferred out	54,263	53,903	0.67%
Others	27,976	16,793	66.59%
Total	<u>1,383,688</u>	<u>1,333,808</u>	<u>3.74%</u>

In 2024, the Group's heat procurement costs increased by 0.89% to RMB757.28 million as compared with RMB750.56 million in 2023, primarily due to the slight increase in the heat procurement costs resulting from the increase in heat service area in 2024.

In 2024, the Group's coal cost increased by 18.76% to RMB51.77 million as compared with RMB43.59 million in 2023, primarily due to the implementation of coal-fired boilers for peak-shaving heat supply by the Yatai Heating Regal Division during the year, which resulted in higher coal consumption.

In 2024, the Group's maintenance and repair costs increased by 7.53% to RMB131.15 million as compared with RMB121.97 million in 2023, primarily due to more external maintenance projects during the current period.

In 2024, the Group's labor cost increased by 5.30% to RMB154.12 million as compared with RMB146.36 million in 2023, primarily due to the overall rise in salary.

In 2024, the Group's depreciation and amortization increased by 2.14% to RMB130.69 million as compared with RMB127.95 million in 2023, primarily due to the increase in investment in fixed assets.

In 2024, the Group's utility cost amounted to RMB76.44 million as compared with RMB72.67 million in 2023. Utility cost in 2024 increased slightly as compared with 2023.

In 2024, the Group's input VAT transferred out increased by 0.67% to RMB54.26 million as compared with RMB53.90 million in 2023, which remained largely stable as compared with 2023.

In 2024, the Group's other cost increased by 66.59% to RMB27.98 million as compared with RMB16.79 million in 2023, primarily due to the consumption of heating materials and the increase in office expenses.

*Costs for construction, maintenance, design and others*

Operating costs for construction, maintenance, design and others primarily consists of cost of materials, labor, machinery and other costs. In 2024, the operating costs for construction, maintenance, design and others increased by 74.05% to RMB164.86 million as compared with RMB94.72 million in 2023. The increase in cost was mainly due to the increase in cost expenditure as a result of the increase in engineering projects undertaken.

**(4) Gross Profit and Gross Profit Margin**

In 2024, the Group's gross profit decreased by 3.29% to RMB257.16 million as compared with RMB265.89 million in 2023.

In 2024, the Group's gross profit margin decreased by 1.45% to 14.24% as compared with 15.69% in 2023. This was mainly due to the increase in maintenance and repair costs, the increase in the consumption of heating materials, and the settlement of the Digital Intelligence Integration Project for Heat Supply.

Gross profit and gross profit margin of the Group are set out as follows:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Operating income	<b>1,805,700</b>	1,694,417
Operating costs	<b>1,548,545</b>	1,428,526
Gross profit	<b>257,155</b>	265,891
<b>Gross profit margin</b>	<b>14.24%</b>	15.69%



**(5) *Administrative expenses***

In 2024, the Group's administrative expenses increased by 8.36% to RMB108.94 million as compared with RMB100.54 million in 2023, which was mainly due to the recognition of listing firm service fee related to the A-share listing during the current period.

**(6) *Finance costs***

In 2024, the Group's finance costs increased by RMB0.55 million to RMB-3.92 million as compared with RMB-4.47 million in 2023, which was mainly due to the decrease in interest income during the current period.

**(7) *Income Tax Expenses***

In 2024, the Group's income tax expenses decreased by 19.14% to RMB38.42 million as compared with RMB47.52 million in 2023, which was mainly due to the increase in deferred income tax expenses provided for, resulting from the increase in deductible temporary difference during the current period.

**(8) *Profit for the Year***

In 2024, the Group's profit for the year decreased by 17.41% to RMB99.90 million as compared with RMB120.96 million in 2023, which was mainly due to the increase in deductible temporary difference during the current period.

**(9) *Profit Attributable to Owners of the Company***

In 2024, profit attributable to owners of the Company decreased by 17.41% to RMB99.90 million as compared with RMB120.96 million in 2023. The decrease in profit attributable to owners of the Company was in line with the decrease in profit for the year.

#### **(10) *Liquidity and Capital Resources***

The Group's cash and cash equivalents increased by 30.43% to RMB1,449.17 million as at 31 December 2024, as compared with the balance of RMB1,111.04 million as at 31 December 2023, which was primarily due to (i) the increase in net cash flow from operating activities of RMB36.02 million in 2024; and (ii) the increase in consolidated net cash flow from financing activities of RMB564.50 million in 2024. The main sources of the Company's operating capital were from (i) unutilised bank financing facilities of RMB395.85 million as at 31 December 2024; and (ii) its own funds accumulated from operating activities, as at 31 December 2024, cash and cash equivalents amounted to approximately RMB1,449.17 million. As at 31 December 2024, the Group's bank borrowings amounted to RMB615.55 million.

#### **(11) *Capital Expenditure***

In 2024, the Group's capital expenditure increased by 326.78% to RMB124.45 million as compared with RMB29.16 million in 2023. The increase in capital expenditure was mainly attributable to increase in the amount of fixed assets purchased.

#### **(12) *Capital Structure***

As of 31 December 2024, the equity attributable to owners of the Group amounted to RMB1,043.16 million, which represents an increase of RMB53.31 million as compared to 31 December 2023, mainly due to the profit for the year.

Gearing ratio is the percentage of total interest-bearing liabilities (including interest-bearing bank and other borrowings and lease liabilities), net of cash and cash equivalents, to total equity at the end of each financial period. As at 31 December 2024, the Group's cash and cash equivalents exceeded the Group's total interest-bearing liabilities.

### **IV. Risk Factors and Risk Management**

#### **(1) *Strategic risks***

Policy adjustments by the government for the heating industry may affect the business strategies and cost structures of enterprises. Meanwhile, the tightening of environmental protection, security and other laws and regulations may increase compliance costs for enterprises.

In 2021, the General Office of the State Council stipulated the cancellation of the connection fee, construction fee of centralized pipeline network, grid connection support fee and other similar fees charged by urban centralized heating enterprises in the northern heating regions from the customers. As such, there is a risk of a gradual decline in the Group's future revenue from construction fees of pipeline network.

The Group will enhance its competitiveness by keeping abreast of and grasping changes in relevant policies and regulations so as to adjust its business strategies in a timely manner; and by improving management, controlling operating costs and optimizing user services.

## **(2) *Financial risk***

The operating costs of heating enterprises depend largely on energy prices. Fluctuations in energy prices may have a direct impact on an enterprise's cost control and profitability. When energy prices rise, enterprises need to find ways to control costs, while energy prices fall, they need to consider how to stabilize profits.

The Group will continue to adopt diversified energy supply approach to mitigate the impact on price fluctuations of a single energy source.

## **(3) *Market risk***

Fluctuations in demand in the heating market may lead to risks such as a decline in sales. Meanwhile, strategic adjustments by competitors may affect the market share and profitability of enterprises.

The Group is entitled to tax incentives in respect of value-added tax and enterprise income tax. If the said tax incentives change in the future and the Group is no longer entitled to the relevant tax incentives, the Group's financial situation may be adversely affected.

The Group will closely monitor market dynamics, including energy prices, the situation of competitors, changes in customer demand, etc., and adjust its business strategies in a timely manner; and will also strictly comply with the relevant tax policies, improve its financial systems and formulate scientific financial management plans.

## **(4) *Operational Risks***

With the continuous development of technology, new technologies and new processes are emerging constantly in the heating industry. If heating enterprises fail to keep up with and update technologies in a timely manner, they may face problems such as technological backwardness, equipment aging, and high energy consumption. In addition, improper maintenance or aging of heating equipment may also lead to serious consequences such as explosions and leaks, thus affecting the competitiveness and profitability of the enterprise.

The Group will continuously maintain and overhaul its equipment to ensure that it operates in an optimal state. At the same time, the Group will enhance its intelligent management capabilities and increase the efficiency of the use of the intelligent heating network system to improve energy utilization.

## V. Other Significant Events

### (1) *Significant Investments*

The Group did not have any significant investments for the year ended 31 December 2024.

### (2) *Material Acquisitions and Disposals*

On 19 March 2024, Yatai Heating, a wholly-owned subsidiary of the Company, and Changre Group, a controlling shareholder of the Company, entered into an assets transfer agreement (the “**Assets Transfer Agreement**”), pursuant to which Yatai Heating has agreed to purchase, and Changre Group has agreed to sell, certain buildings, coal-fired boilers, land use rights and ancillary equipment used by Changre Group for heat production purposes (the “**Assets**”) for the consideration of RMB38,950,960.00 in accordance with the terms and conditions of the Assets Transfer Agreement. The parties to the Assets Transfer Agreement agree that all interests, rights and obligations attached to the Assets shall be transferred from Changre Group to Yatai Heating with effect from 20 March 2024. For further details in relation to the aforesaid acquisition, please refer to the Company’s announcement dated 19 March 2024.

The Company and Changre Group, a controlling shareholder of the Company, entered into an assets transfer agreement (the “**Second Assets Transfer Agreement**”), pursuant to which the Company has conditionally agreed to purchase, and Changre Group has conditionally agreed to sell, certain buildings, coal-fired boilers and ancillary equipment used by Changre Group for heat production purposes for the consideration of RMB82,886,461.00 in accordance with the terms and conditions of the Second Assets Transfer Agreement. The aforesaid assets transfer was completed on 15 January 2025. For further details in relation to the aforesaid acquisition, please refer to the Company’s announcements dated 1 November 2024 and 15 January 2025.

Save as disclosed above, the Group did not have any material acquisitions nor disposals for the year ended 31 December 2024.

### (3) *Capital Commitment and Contingent Liabilities*

The Group did not have any material capital commitment nor contingent liabilities for the year ended 31 December 2024.

### (4) *Charge on Assets*

There was no material charge on the Group’s assets for the year ended 31 December 2024.

### (5) *Employees and Remuneration Policies*

As at 31 December 2024, the Group had a total of 1,595 employees, all of whom are based in the PRC. In 2024, the Group maintained its existing employees’ remuneration package which comprises basic salary, position salary and monthly and yearly performance incentives in

accordance with the Measures for Employees' Wage Management (《勞動工資管理辦法》). The determination of remuneration which is based on both position value and performance appraisals helps motivate employees' contribution and dedication to the Group.

During the Reporting Period, the Group continued to improve its training system and training mechanism around the construction of a talent pool and the growth needs of its staff, established access for staff development and orderly conducted staff mobility strategies such as rotation and position competition in their day-to-day work so as to promote the development of the Group and appreciation of human capital.

The relationship management of all employees of the Group strictly adheres to the requirements of national laws and regulations. The Group manages labor relations with its employees in compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). The Group strictly abides by the requirements of national and local competent authorities, completes registrations for social insurance contributions and provides its employees with statutory benefits such as the Five Insurances and One Fund. The staff teams enjoy an overall harmonious labor relationship.

## **VI. Prospects and Outlook**

In the future, the Group will thoroughly implement the national energy saving and emission reduction policies. In line with the development trends of intelligentization, greening and sustainable innovation, the Group will facilitate the construction of smart enterprises to enhance corporate competitiveness and brand influence. With the achievements of high-quality development, the Group aims to better serve urban construction and safeguard people's livelihoods.

### **(1) *Development of operating objectives***

With a focus on its core heat supply business, the Group will propel its transformation and upgrading, optimize the regional layout and strengthen its market services. By refining the energy structure, improving the management system, promoting technological innovation and accelerating the process of marketization, the Group aims to achieve sustainable development. Meanwhile, the Group will advance the development of construction, maintenance and design services by enhancing its project control to achieve refined management. The Group will also fully leverage the advantages of industry chain for heat supply to forge a state-owned enterprise service brand, thereby providing robust support for the development of the heat supply business.

### **(2) *Technology innovation and development***

The Group will accelerate the digital transformation. By utilizing technologies such as big data and artificial intelligence to optimize its management, the Group will deepen the construction of information systems to achieve sharing of business process and data. Besides, the Group will promote smart heat supply by accurately predicting the demand for heat load,

so as to achieve on-demand heat supply with dynamic adjustment, thereby significantly improving the energy efficiency. The Group will also expedite green upgrades by effectively utilizing technology to recover waste heat from boiler flue gas, so as to reduce environmental pollution and enhance the heat-efficiency of boiler, thereby lowering production costs and increasing economic benefits for the Company.

### **(3) *Production and operation safety***

The Group will further enhance the level of safety management, advance the standardization of safety production, and strengthen the emergency management system. The Group will also ensure preparedness for emergencies and intensify safety education and training, so as to elevate the safety awareness and protective capabilities among all its employees. Meanwhile, the Group will reinforce the accountability and tighten the chain of responsibility to ensure the stable operation of the Company.

### **(4) *Corporate governance***

The Group will continue to optimize its corporate governance structure, improve its governance mechanisms, and enhance its governance effectiveness. By fully leveraging the responsibilities of the Board, the Group will continuously improve the overall governance level and standardize the operational capabilities. Meanwhile, the Group will maintain a high level of coordination between its corporate informatization construction and management systems, providing a scientific basis for the decision-making and standardized operations of the Board, and offering robust support for the Company's development, thereby ensuring its healthy, stable and sustainable development.

## **Compliance with Corporate Governance Code**

As a company listed on the Hong Kong Stock Exchange, the Company always strives to maintain a high level of corporate governance. Save as disclosed below, the Company complies with code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules throughout the Reporting Period.

As disclosed in the Company's announcement dated 21 March 2024, Mr. Sun Huiyong (“**Mr. Sun**”) has tendered his resignation from the position as the Chairman of the Board and a non-executive Director with effect from 21 March 2024 due to work adjustments. Mr. Sun also ceased to be a member of the audit committee of the Board (the “**Audit Committee**”) and the chairman of the strategy committee of the Board (the “**Strategy Committee**”) with effect from 21 March 2024.

Following the resignation of Mr. Sun, the composition of the Audit Committee and the Strategy Committee failed to meet the following requirements under: (a) Rule 3.21 of the Listing Rules and Article 3 of the terms of reference of the Audit Committee that the Audit Committee shall comprise a minimum of three members; and (b) Article 3 of the terms of reference of the Strategy Committee that the Strategy Committee shall comprise three directors. Also, following Mr. Sun's resignation, the office of the chairman of the Board becomes vacant which deviates from Code Provision C.2.1 of the CG

Code. On 31 May 2024, the extraordinary general meeting of the Company was held and Mr. Song Chi (“**Mr. Song**”) was elected as a non-executive Director. Following the appointment of Mr. Song as a non-executive Director, the Board held a meeting on the same day and elected Mr. Song as the chairman of the Board. Mr. Song served as the chairman of the Strategy Committee and Ms. Zhang Yan served as a member of the Audit Committee, with effect from 31 May 2024. Accordingly, the Company has fulfilled the minimum requirement prescribed under Rule 3.21 of the Listing Rules and the respective terms of reference of the Audit Committee and the Strategy Committee and re-complied with Code Provision C.2.1 of the CG Code since 31 May 2024.

### **Compliance with the Model Code for Securities Transactions**

The Company has adopted the Model Code as the code of conduct and rules governing the dealings by all of our Directors and supervisors (the “**Supervisors**”) in the securities of the Company. Having made specific enquiry with the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the year ended 31 December 2024. The Company has also set up guidelines in respect of the dealings in the Company’s securities by its relevant employees (as defined in the Listing Rules), which terms are no less exacting than those of the Model Code.

### **Directors’ Responsibilities in relation to the Financial Statements**

The Directors acknowledge their responsibility in relation to the preparation of the financial statements of the Company and to ensure that the financial statements of the Company are prepared in accordance with the relevant regulations and applicable accounting standards and that the financial statements of the Company are published in a timely manner.

### **Purchase, Sale or Redemption of Listed Securities or Redeemable Securities of the Company**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities or redeemable securities (including sale of treasury shares) for the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

### **Convertible Securities, Options, Warrants or Similar Rights**

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or other similar rights nor exercised any conversion or subscription rights under any convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries at any time.

### **Issue of Bonds**

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries had issued any bonds.



## Review of Annual Results

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Poon Pok Man, Mr. Fu Yachen and Ms. Zhang Yan. Mr. Poon Pok Man is the chairman of the Audit Committee. The Audit Committee and the Company's independent auditors have reviewed the annual results of the Group for the year ended 31 December 2024 and agreed with the accounting method adopted by the Company.

## Scope of Work of BDO China SHU LUN PAN Certified Public Accountants LLP

The figures in respect of the Group's combined statement of financial position and combined statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, BDO China SHU LUN PAN Certified Public Accountants LLP, to the amounts set out in the Group's audited consolidated financial statements for the year.

## Final Dividend

The Board resolved to propose to the Shareholders at the 2024 AGM to be held on 16 May 2025, for their consideration and approval of the payment of a final dividend of RMB0.065 per Share (tax inclusive) (2023: RMB0.09 per Share) for the year ended 31 December 2024 (the **"2024 Final Dividend"**) payable to the Shareholders, whose names appear on the register of members of the Company on 4 June 2025, in an aggregate amount of approximately RMB30.34 million (2023: approximately RMB42.00 million). The 2024 Final Dividend will be denominated and declared in RMB. Dividends on Domestic Shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. Subject to the passing of the relevant resolution at the AGM, the 2024 Final Dividend are expected to be paid on 20 July 2025.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Implementation Rules of the Enterprise Income Tax Law of People's Republic of China (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% when distributing the 2024 Final Dividend to its non-resident enterprise Shareholders of overseas H Shares (including HKSCC Nominees Limited, other corporate nominees or trustees, or other entities and organizations) whose names appear on the H Shares register of members of the Company on 4 June 2025.

According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No.348) (國家稅務總局國稅函[2011] 348號) and relevant laws and regulations, if the individual H Share Shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual H Share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual H Share Shareholders shall make self-



assessment regarding whether they meet the conditions for enjoying the tax treaty benefits pursuant to the Announcement of the State Administration of Taxation ([2019] No.35) (國家稅務總局公告(2019年第35號)). If the Shareholders are entitled to such treaty benefits, they shall duly fill in the Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits (《非居民納稅人享受協定待遇信息報告表》) and submit to the Company. After receiving and ensuring the completeness of information of the form, the Company will withhold the tax in accordance with the provisions of domestic tax laws and tax treaty, and duly submit the form as a schedule for withholding declaration to the competent tax authority. The Company will withhold the tax pursuant to the provisions of domestic tax laws for Shareholders whose Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits has not been submitted or has missing information. If the individual H Share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H Share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

The Company will determine the country of domicile of the individual H Share Shareholders based on the registered address as recorded in the H Share register of members of the Company on 4 June 2025 (the “**Registered Address**”). If the country of domicile of an individual H Share Shareholder is not the same as the Registered Address or if the individual H Share Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Share Shareholder shall notify and provide relevant supporting documents to the Company on or before Wednesday, 28 May 2025. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Share Shareholders may either personally or appoint a proxy to attend to the procedures in accordance with the requirements under the tax treaty notice if they fail to provide the relevant supporting documents to the Company within the time period stated above.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share Shareholders or any disputes over the withholding mechanism or arrangements.

Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H Shares of the Company.

According to the Articles of Association, the Hong Kong dollars required for the payment of cash dividends and other amount by the Company to the individual H Share Shareholders shall be arranged in accordance with the PRC regulations in relation to foreign exchange administration.

The Company was not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividend for the year ended 31 December 2024.

## **AGM**

The AGM will be held on Friday, 16 May 2025. A notice of convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

### **Closure of Register of Members**

For the purpose of determining the Shareholders' rights to attend and vote at the AGM and the entitlement to the proposed 2024 Final Dividend, the register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025 (both days inclusive) and from Thursday, 29 May 2025 to Wednesday, 4 June 2025 (both days inclusive) respectively, during which period no transfer of H Shares will be registered.

The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Friday, 16 May 2025. In order to be eligible to attend and vote at the forthcoming AGM, holders of H Shares shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 May 2025.

The record date for determining the entitlement of the Shareholders to the proposed 2024 Final Dividend will be Wednesday, 4 June 2025. In order to be entitled to the proposed 2024 Final Dividend (subject to the approval by the Shareholders at the forthcoming AGM), holders of H Shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 May 2025.

### **Publication of Annual Results Announcement and Annual Report**

This announcement is published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cc-tp.com.cn>). The 2024 annual report of the Company containing all the information required by the applicable Listing Rules will be dispatched (if requested) to the Shareholders and available on the above websites in due course.

## **Definitions**

“AGM” the annual general meeting of the Company for the year 2024 to be held on Friday, 16 May 2025 or any adjournment thereof

“ASBEs”	the Accounting Standards for Business Enterprises — Basic Standards (《企業會計準則－基本準則》) issued by the Ministry of Finance and the specific accounting standards for business enterprises, the application guidance for the ASBEs, the interpretation of ASBEs and other relevant requirements
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of Directors of the Company
“Changre Group”	Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司) (formerly known as Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)), the controlling Shareholder of the Company
“Chuncheng Biomass”	Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司), a wholly-owned subsidiary of the Company
“Company” or “we”	Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司) (stock code: 1853), a company incorporated in the PRC on 23 October 2017 and is a joint stock limited liability company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“heat service area”	gross floor areas covered by heat supply, including both the heat service area which we fully or partially charge for our heat fees
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“PRC”	The People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Reporting Period”	the period from 1 January 2024 to 31 December 2024
“RMB”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 per share
“Shareholder(s)”	the shareholder(s) of the Company
“Xixing Energy”	Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司), previously known as Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司), a wholly-owned subsidiary of the Company
“Yatai Heating”	Changchun Yatai Heating Company Limited* (長春亞泰熱力有限責任公司), a wholly-owned subsidiary of the Company
“%”	percent

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

Jilin, the PRC, 28 March 2025

*As at the date of this announcement, the non-executive Directors are Mr. Song Chi (Chairman) and Mr. Yang Zhongshi; the executive Directors are Mr. Xu Chungang and Mr. Li Yeji; and the independent non-executive Directors Mr. Fu Yachen, Mr. Poon Pok Man and Ms. Zhang Yan.*

\* For identification purpose only