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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)

CLARIFICATION AND SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the annual report for the year ended 31 December 2020 (the “**Annual Report**”) published by Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) at the websites of The Stock Exchange of Hong Kong Limited and the Company on 26 April 2021. Unless defined otherwise, terms used in this announcement shall have the same meanings as those defined in the Annual Report.

CLARIFICATION

The Company would like to clarify that there are inadvertent translation errors in “VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS – Remark 32. Long-term Salaries Payable” on pages 193 to 195 of the English version of the Annual Report, in which references to “defined contribution plan” should be “defined benefit plan”, and references to “defined contribution costs” should be “defined benefit costs”. The relevant disclosure in the Chinese version of the Annual Report is correct.

SUPPLEMENTAL INFORMATION

Moreover, in addition to the information contained in the Annual Report, the Company would like to provide the following supplemental information regarding the Group’s post-employment benefits.

Defined Contribution Plan

The full-time employees of the Group in the PRC are covered by the state-managed basic endowment insurance and unemployment insurance under which the employees are entitled to a monthly pension calculated based on certain formulas. The relevant government agencies are responsible for the payment of pensions to the retired employees. The Group contributes to these retirement schemes on a monthly basis. Under these schemes, the Group has no obligation for post-retirement benefits in excess of the abovementioned contributions made.

The Group's contributions to the state-managed basic endowment insurance and unemployment insurance for its employees vest fully with the employees immediately upon its contributions. The Group does not forfeit any contributions on behalf of its employees who leave the scheme prior to such full vesting. Accordingly, there is no forfeited contribution available for the Group to reduce the existing level of contributions.

For further information on the post-employment benefits – defined contribution plan of the Group, please refer to “IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – (XXVIII) Employee Remuneration – 2. Post-employment benefits” on page 130 and “VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS – Remark 25. Salaries Payable” on pages 189 to 190 of the Annual Report.

Defined Benefit Plan

The Group has post-employment benefits – defined benefit plan, and no assets have been set aside for each of the Group's benefit plans. The defined benefit is determined based on an actuarial valuation performed by Willis Towers Watson Consulting Company Limited, an independent actuary. The undersigned actuary of the actuarial valuation report is Wu Haichuan, a fellow of the Society of Actuaries and a fellow of the China Association of Actuaries, who meets the qualification requirements for the issuance of actuarial opinions in respect of post-employment benefits and termination benefits.

For further information on the post-employment benefits – defined benefit plan of the Group, please refer to “IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – (XXVIII) Employee Remuneration – 2. Post-employment benefits” on page 131 and “VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS – Remark 32. Long-term Salaries Payable” on pages 193 to 195 of the Annual Report.

The above supplemental information does not affect other information contained in the Annual Report.

Save as disclosed in this announcement, the contents of the Annual Report remain unchanged.

By order of the Board
Jilin Province Chuncheng Heating Company Limited*
LIU Changchun
Chairman

Jilin, the PRC, 2 July 2021

As at the date of this announcement, the non-executive director of the Company is Mr. Liu Changchun (Chairman); the executive directors of the Company are Mr. Yang Zhongshi, Mr. Shi Mingjun, Mr. Xu Chungang and Mr. Li Yeji; and the independent non-executive directors of the Company are Mr. Wang Yuguo, Mr. Fu Yachen and Mr. Poon Pok Man.

* *For identification purpose only*