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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)

**PROPOSED A SHARE OFFERING
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

PROPOSED A SHARE OFFERING

On 18 November 2021, the Board has resolved to seek approval at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting for, among other things, the resolution in relation to the proposed submission of application to the CSRC and other relevant regulatory authorities for the A Share Offering pursuant to the requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Opinions on Further Promoting the Initial Public Offering System Reform (《關於進一步推進新股發行體制改革的意見》), the Measures for the Administration of Initial Public Offering and Listing of Stocks (《首次公開發行股票並上市管理辦法》), the Rules Governing the Listing of Shares on Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》) and other related laws, regulations and regulatory documents.

The A Share Offering is subject to the Shareholders' approval at the EGM and the Class Meetings, as well as the approval of the CSRC and other relevant regulatory authorities.

OTHER RESOLUTIONS RELATING TO THE A SHARE OFFERING

As part of the A Share Offering, the Board or the Supervisory Committee (as the case may be) has also resolved to put forward the related resolutions at the EGM and the Class Meetings (if applicable) for approval by the Shareholders. Other resolutions relating to the A Share Offering, which were passed at the Board meeting or the Supervisory Committee meeting (as the case may be) held on 18 November 2021, included, among other things, (1) the resolution regarding application for initial public offering and listing of the A Shares on the main board of the Shenzhen Stock Exchange by the Company; (2) the resolution regarding investment projects to be financed by the initial public offering of the A Shares by the Company and its feasibility; (3) the resolution regarding proposal for distribution of accumulated profits prior to the initial public offering and listing of the A Shares by the Company; (4) the resolution regarding share price stabilisation plan for the A Shares within three years after the initial public offering and listing of the A Shares by the Company; (5) the resolution regarding dividend distribution plan for the Shareholders for the next three years after the initial public offering and listing of the A Shares by the Company; (6) the resolution regarding analysis of dilution impact on immediate returns and the relevant measures to recover such returns in relation to the initial public offering of the A Shares by the Company; (7) the resolution regarding confirmation of related party transactions of the Company during the reporting period; (8) the resolution regarding report on the use of funds raised from previous fund raising activities of the Company; (9) the resolution regarding provision of relevant undertakings by the Company for the initial public offering and listing of the A Shares; (10) the resolution regarding grant of authorisation to the Board and its authorised persons at the general meeting of the Company to deal, at their full discretion, with matters relating to the initial public offering and listing of A Shares on the main board of the Shenzhen Stock Exchange by the Company; (11) the resolution regarding formulation of (draft) Articles of Association which are applicable after the initial public offering and listing of the A Shares by the Company; (12) the resolution regarding formulation of (draft) rules of procedure for general meeting which are applicable after the initial public offering and listing of the A Shares by the Company; (13) the resolution regarding formulation of (draft) rules of procedure of the Board which are applicable after the initial public offering and listing of the A Shares by the Company; (14) the resolution regarding formulation of (draft) rules of procedure of the Supervisory Committee which are applicable after the initial public offering and listing of the A Shares by the Company; (15) the resolution regarding addition or modification to the relevant governance procedures of the Company for the purpose of the initial public offering and listing of the A Shares by the Company; and (16) the resolution regarding engagement of an audit firm for the initial public offering and listing of the A Shares by the Company. Resolutions (1) to (16) above shall be put forward to the EGM for consideration and approval, with resolutions (1) to (6), (8), (10) to (11) to be passed by way of special resolution and resolutions (7), (9) and (12) to (16) to be passed by way of ordinary resolution. Resolutions (1) to (6) and (8) to (12) shall be put forward separately to the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting for consideration and approval. Details of the above resolutions and other resolutions relating to the A Share Offering will be set out in the circular to be despatched to the Shareholders.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

To implement the A Share Offering, the Board has proposed to make certain changes to the Articles of Association, the rules of procedure for general meeting, the rules of procedure of the Board and the rules of procedure of the Supervisory Committee (applicable immediately after the completion of the A Share Offering).

THE EGM AND THE CLASS MEETINGS

The Company will convene the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting to, among other things, seek the approval of the Shareholders for the proposed A Share Offering and the proposed amendments to the Articles of Association. It should be noted that in addition to the Shareholders' approval, the proposed A Share Offering is still subject to the approval of the CSRC and other relevant regulatory authorities.

A circular for the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting containing, among other things, the details of the A Share Offering proposal and other resolutions, together with the notices of the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, will be despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules and the Articles of Association.

As the A Share Offering is subject to the approval of the CSRC and other relevant regulatory authorities and accordingly, may or may not proceed to completion, Shareholders and investors are advised to exercise caution when dealing in the H Shares of the Company. The Company will make further announcements regarding any material updates and progress with respect to the A Share Offering in accordance with the Listing Rules and other applicable laws and regulations. This announcement is for information purpose only, and does not constitute any invitation or offer to acquire, purchase or subscribe for securities of the Company.

1. PROPOSED A SHARE OFFERING

On 18 November 2021, the Board has resolved to seek approval at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting for, among other things, the resolution in relation to the proposed submission of application to the CSRC and other relevant regulatory authorities for the A Share Offering pursuant to the requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Opinions on Further Promoting the Initial Public Offering System Reform (《關於進一步推進新股發行體制改革的意見》), the Measures for the Administration of Initial Public Offering and Listing of Stocks (《首次公開發行股票並上市管理辦法》), the Rules Governing the Listing of Shares on Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》) and other related laws, regulations and regulatory documents. Particulars of the A Share Offering are as follows:

1.1 Type and Par Value of the Shares to be Issued

Domestically listed RMB ordinary Shares (A Shares), with a par value of RMB1.00.

1.2 Offering Size

The Company intends to make an initial public offering of RMB ordinary shares of not more than 155.5666 million A Shares to the public. The actual number of Shares to be issued will be determined based on the capital requirements of the Company and the specific situation of the securities market at the time of the Offering, by the Board and its authorised persons under the authorisation granted at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting in accordance with the requirements of the laws and regulations, the approval of the securities regulatory authorities and the market conditions.

1.3 Target Subscribers of the Offering

The target subscribers of the Offering shall be inquired investors who are qualified and natural persons, legal persons and other institutions which have maintained RMB ordinary share (A share) securities accounts with the Shenzhen Stock Exchange (except for those prohibited by national laws, regulations, other applicable regulatory documents and other regulatory requirements applicable to the Company), unless otherwise provided by the CSRC or the Shenzhen Stock Exchange.

1.4 Method of Issuance

- (a) Offline allotment to inquired investors;
- (b) Online subscription offering to public investors at market price;
- (c) Other methods permitted by the CSRC and the Shenzhen Stock Exchange.

1.5 Method of Pricing

The pricing will be determined by a combination of offline allotment to inquired investors and online subscription offering to public investors at market price, or other methods permitted by the CSRC.

1.6 Method of Underwriting

The Offering will be underwritten by a sponsor (the lead underwriter) by way of standby commitment.

1.7 Proposed Place of Listing

The proposed place of listing for the Offering is the Main Board of the Shenzhen Stock Exchange.

1.8 Timing for the Offering and listing

Upon the grant of approvals of the CSRC and the Shenzhen Stock Exchange, the Board shall discuss with the lead underwriter and relevant regulatory authorities on the timing for the Offering and listing.

1.9 Effective Period of the Resolution Relating to the Offering Proposal

The resolution shall be effective for a period of 24 months from the date of on which the resolution is passed at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. In the event that the Company obtains the approval from the CSRC for the Offering within such effective period, the effective period of the resolution for the Offering shall be automatically extended until the completion of the Offering.

2. OTHER RESOLUTIONS RELATING TO THE A SHARE OFFERING

As part of the A Share Offering, the Board or the Supervisory Committee (as the case may be) has also resolved to put forward the related resolutions at the EGM and the Class Meetings (if applicable) for approval by the Shareholders. Other resolutions relating to the A Share Offering, which were passed at the Board meeting or the Supervisory Committee meeting (as the case may be) held on 18 November 2021, included, among other things, (1) the resolution regarding application for initial public offering and listing of the A Shares on the main board of the Shenzhen Stock Exchange by the Company; (2) the resolution regarding investment projects to be financed by the initial public offering of the A Shares by the Company and its feasibility; (3) the resolution regarding proposal for distribution of accumulated profits prior to the initial public offering and listing of the A Shares by the Company; (4) the resolution regarding share price stabilisation plan for the A Shares within three years after the initial public offering and listing of the A Shares by the Company; (5) the resolution regarding dividend distribution plan for the Shareholders for the next three years after the initial public offering and listing of the A Shares by the Company; (6) the resolution regarding analysis of dilution impact on immediate returns and the relevant measures to recover such returns in relation to the initial public offering of the A Shares by the Company; (7) the resolution regarding confirmation of related party transactions of the Company during the reporting period; (8) the resolution regarding report on the use of funds raised from previous fund raising activities of the Company; (9) the resolution regarding provision of relevant undertakings by the Company for the initial public offering and listing of the A Shares; (10) the resolution regarding grant of authorisation to the Board and its authorised persons at the general meeting of the Company to deal, at their full discretion, with matters relating to the initial public offering and listing of A Shares on the main board of the Shenzhen Stock Exchange by the Company; (11) the resolution regarding formulation of (draft) Articles of Association which are applicable after the initial public offering and listing of the A Shares by the Company; (12) the resolution regarding formulation of (draft) rules of procedure for general meeting which are applicable after the initial public offering and listing of the A Shares by the Company; (13) the resolution regarding formulation of (draft) rules of procedure of the Board which are applicable after the initial public offering and listing of the A Shares by the Company; (14) the resolution regarding formulation of (draft) rules of procedure of the Supervisory Committee which are applicable after the initial public offering and listing of the A Shares by the Company; (15) the resolution regarding addition or modification to the relevant governance procedures of the Company for the purpose of the initial public offering and listing of the A Shares by the Company; and (16) the resolution regarding engagement of an audit firm for the initial public offering and listing of the A Shares by the Company. Resolutions (1) to (16) above shall be put forward to the EGM for consideration and approval, with resolutions (1) to (6), (8), (10) to (11) to be passed by way of special resolution and resolutions (7), (9) and (12) to (16) to be passed by way of ordinary resolution. Resolutions (1) to (6) and (8) to (12) shall be put forward separately to the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting for consideration and approval. Details of the above resolutions and other resolutions relating to the A Share Offering will be set out in the circular to be despatched to the Shareholders.

The A Share Offering is subject to the Shareholders' approval at the EGM and the Class Meetings, as well as the approval of the CSRC and other relevant regulatory authorities. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Changchun Heating Group which is required to abstain from voting at the EGM and the Domestic Shareholders' Class Meeting on the resolution regarding confirmation of related party transactions of the Company during the reporting period, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting.

3. EFFECTS OF THE A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that the entire 155.5666 million A Shares under the A Share Offering are permitted to be issued and there are no changes to the share capital of the Company prior to the completion of the A Share Offering, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the A Share Offering is as follows:

Shareholder	As at the date of this announcement		Immediately after the completion of the A Share Offering	
	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>
Domestic Shares (<i>Note 1</i>)				
– Domestic Shares in issue held by non-public Shareholders (<i>Note 2</i>)	325,500,000	69.75%	–	–
– Domestic Shares in issue held by public Shareholders	24,500,000	5.25%	–	–
A Shares (<i>Note 1</i>)				
– A Shares in issue held by non-public Shareholders (<i>Note 2</i>)	–	–	325,500,000	52.31%
– A Shares in issue held by public Shareholders	–	–	24,500,000	3.94%
– New A Shares issued under the A Share Offering	–	–	155,566,600	25.00%
H Shares	116,700,000	25.00%	116,700,000	18.75%
Total	466,700,000	100%	622,266,600	100%

Note 1: Subject to the approval of the A Share Offering referred to above at the EGM and the granting of all approvals by the competent PRC regulatory authorities, the Domestic Shares in issue will be converted into domestically listed RMB ordinary shares (A Shares) upon the completion of the A Share Offering and listing.

Note 2: These Shares are held by Changchun Heating Group, the controlling shareholder of the Company.

4. REASONS AND PURPOSES OF THE A SHARE OFFERING

The Company believes that the “A+H” dual listing approach will enable the Company to take full advantage of both the international and domestic capital markets. This will enable the Company to set up two financing platforms at one time, and hence its subsequent financing will not be restricted by the rules and conditions of a single market, thereby expanding the Company’s subsequent financing channels and methods.

Expenses relating to the A Share Offering (including sponsor fees, audit fees, valuation fees, legal expenses, offering administrative expenses and underwriting commissions for the issue of new A Shares by the Company) shall be borne by the Company.

All Directors (including independent non-executive Directors) are of the view that the A Share Offering is in the interests of the Company and the Shareholders as a whole.

5. USE OF PROCEEDS

Proceeds raised from the A Share Offering, after deducting issuance expenses, will be invested as follows:

No.	Name of project	Total investment amount (RMB10’000)	Proceeds utilised (RMB10’000)
1	Intelligent upgrade of heat supply facilities of Jilin Province Chuncheng Heating Company Limited (吉林省春城熱力股份有限公司供熱設施智能化改造項目)	40,059.65	40,059.65
2	Chuncheng Heating gas-fired peak-sharing boiler plant project at Linhe West Street (春城熱力臨河西街燃氣調峰熱源廠工程)	21,062.56	21,062.56
Total:		61,122.21	61,122.21

6. EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities nor issued any equity securities in the 12 months immediately before the date of this announcement.

7. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

To implement the A Share Offering, the Board has proposed to make certain changes to the Articles of Association, the rules of procedure for general meeting, the rules of procedure of the Board and the rules of procedure of the Supervisory Committee (applicable immediately after the completion of the A Share Offering). Details of the proposed amendments to the Articles of Association, the rules of procedure for general meeting, the rules of procedure of the Board and the rules of procedure of the Supervisory Committee will be set out in the circular to be despatched to the Shareholders.

The Board believes that the proposed amendments to the Articles of Association, the rules of procedure for general meeting, the rules of procedure of the Board and the rules of procedure of the Supervisory Committee (applicable immediately after the completion of the A Share Offering) are in the best interests of the Company and its Shareholders.

8. THE EGM AND THE CLASS MEETINGS

The Company will convene the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting to, among other things, seek the approval of the Shareholders for the proposed A Share Offering and the proposed amendments to the Articles of Association. It should be noted that in addition to the Shareholders' approval, the proposed A Share Offering is still subject to the approval of the CSRC and other relevant regulatory authorities.

A circular for the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting containing, among other things, the details of the A Share Offering proposal and other resolutions, together with the notices of the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, will be despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules and the Articles of Association.

As the A Share Offering is subject to the approval of the CSRC and other relevant regulatory authorities and accordingly, may or may not proceed to completion, Shareholders and investors are advised to exercise caution when dealing in the H Shares of the Company. The Company will make further announcements regarding any material updates and progress with respect to the A Share Offering in accordance with the Listing Rules and other applicable laws and regulations. This announcement is for information purpose only, and does not constitute any invitation or offer to acquire, purchase or subscribe for securities of the Company.

9. DEFINITIONS

In this announcement, unless the context otherwise requires, terms used herein shall have the following meanings:

“A Share(s)”	ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering and subscribed for in RMB
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Changchun Heating Group”	Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司), the controlling shareholder of the Company, and a state-owned company established in the PRC on 28 April 1998 which held 69.75% of the total share capital of the Company as at the date of this announcement
“Class Meetings”	collectively, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting

“Company”	Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司), presently a joint stock company with limited liability which was incorporated in the PRC on 23 October 2017 and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic Share(s), which are subscribed for in RMB and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange
“Domestic Shareholder(s)”	holder(s) of the Domestic Share(s)
“Domestic Shareholders’ Class Meeting”	the Domestic Shareholders’ class meeting to be held by the Company for the approval of, among other matters, the proposed A Share Offering and the proposed amendments to the Articles of Association
“EGM”	the extraordinary general meeting to be held by the Company for the approval of, among other matters, the proposed A Share Offering and the proposed amendments to the Articles of Association
“H Share(s)”	overseas listed foreign Share(s), which are subscribed for and traded in HK\$ and listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of the H Share(s)
“H Shareholders’ Class Meeting”	the H Shareholders’ class meeting to be held by the Company for the approval of, among other matters, the proposed A Share Offering and the proposed amendments to the Articles of Association
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Offering” or “A Share Offering”	the proposed public offering by the Company of not more than 155.5666 million A Shares, which will be listed on the Shenzhen Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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

Jilin, the PRC, 18 November 2021

As at the date of this announcement, the non-executive Director is Mr. Liu Changchun (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*