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天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

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

(Stock Code: 01265)

**CONNECTED TRANSACTIONS IN RELATION TO
PROCUREMENT AND INSTALLATION OF GAS METERS**

PROCUREMENT AND INSTALLATION OF GAS METERS

On 10 March 2022, the Company and Jinran China Resources entered into (1) the Procurement Agreement pursuant to which the Company agreed to entrust Jinran China Resources to procure 27,825 gas meters at an aggregate maximum procurement price of RMB9,154,425; and (ii) the Installation Agreement pursuant to which the Company agreed to engage Jinran China Resources to perform installation work for replacement of 27,825 gas meters at an aggregate maximum contract price of RMB3,060,750.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jinran China Resources is held as to 51% by Tianjin Gas, which is in turn, a controlling shareholder of the Company. Jinran China Resources is hence a connected person of the Company, and the entering into of the Agreements by the Company constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Agreements, in aggregate, is higher than 0.1% but all of them are below 5%, the Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 10 March 2022, the Company and Jinran China Resources entered into the Agreements with respect to the procurement and installation of gas meters. Set out below is a summary of the principal terms of the Agreements:

(1) The Procurement Agreement

Date:

10 March 2022

Parties:

- (i) The Company; and
- (ii) Jinran China Resources

Subject matter:

Pursuant to the Procurement Agreement, the Company agreed to entrust Jinran China Resources to procure 27,825 IoT gas meters (types G2.5 and G4) at an aggregate maximum procurement price of RMB9,154,425. Such gas meters shall be applied to replace certain existing gas meters (which service life has been overdue) in the Relevant Districts in Tianjin used by the Company's customers.

The actual procurement price shall be calculated based on the actual unit price of gas meters procured by Jinran China Resources, and the actual number of gas meters checked, accepted and used by the Company's offices or branches in the Relevant District.

The aforesaid aggregate maximum procurement amount is determined after arm's length negotiation between the Company and Jinran China Resources with reference to, among other things, the quantity of gas meters expected to require replacement in the Relevant Districts, and the prevailing prices of similar products available in the market.

The Company shall pay the procurement price for gas meters acquired within 5 days after (i) on a monthly basis, Jinran China Resources having provided verification materials such as confirmatory orders of the quantity of gas meters exchanged, Jinran China Resources having warrant completion of the installation work (and such work and its corresponding customers having been reflected in the Company's IoT system) during that period, and (ii) Jinran China Resources having provided VAT invoice(s) for the procurement amount.

Jinran China Resources shall complete all procurement work by 31 December 2022. Jinran China Resources shall be responsible for entering into agreements and negotiating on matters such as models, specifications, quality, delivery and installation of the gas meters with its suppliers. The Company shall not be made responsible for any disputes between Jinran China Resources and its supplier(s). If the gas meters procured do not meet the Company's requirements, the Company has the right to require Jinran China Resources to re-deliver the products. Jinran China Resources will provide product warranty to the same extend as such warranty is provided by its supplier(s). The Company is entitled to hold Jinran China Resources responsible for damages for defaults in product quality within 2 years from the date of delivery of the gas meters procured.

The Procurement Agreement is effective upon (i) its execution and (ii) it being approved by the Board and the independent Shareholders (if required).

The Procurement Agreement shall be suspended immediately in the event that the actual procurement amount exceeds such maximum amount, and performance of the Procurement Agreement should only be resumed until the Procurement Agreement having been amended in writing, and the Company having made disclosure and obtained independent Shareholders' approval as required under the Listing Rules, applicable laws, rules and regulations.

(2) The Installation Agreement

Date:

10 March 2022

Parties:

- (i) The Company; and
- (ii) Jinran China Resources

Subject matter:

Pursuant to the Installation Agreement, the Company agreed to engage Jinran China Resources to provide installation work for replacement of 27,825 IoT gas meters (types G2.5 and G4) in the Relevant Districts (including delivery of the gas meters, management and safety responsibility of the installation work), at an aggregate maximum contract price of RMB3,060,750 (tax inclusive).

The actual contract price payable by the Company shall be calculated based on the actual quantity of installation work performed, with a unit installation price of RMB110 per gas meter installed (inclusive of removal of existing gas meter and other fee associated with installation of new gas meters, but excluding system for management of operation and fee chargeable, system for management of replacement of gas meters with overdue service life, fee for construction of IoT platform and subsequent maintenance, printing costs for promotion booklets).

The aforesaid maximum contract price is determined based on a maximum of 27,825 gas meters expected to be replaced and the unit installation price of RMB110 per gas meter. Such unit price is determined after arm's length negotiation between the Company and Jinran China Resources with reference to the prevailing prices of similar service available in the market.

The Company shall pay 100% of the contract price for installation work completed during the relevant period, within 5 days after on a monthly basis, upon Jinran China Resources having provided verification materials such as confirmatory orders of the quantity of gas meters exchanged, Jinran China Resources having warranted completion of the installation (and such work and its corresponding customers having been reflected in the Company's IoT system).

The installation work shall be performed from the date of the Installment Agreement to 31 December 2022 (with a warranty period of 3 months from the date of passing of inspection test of relevant batch installation work, during which Jinran China Resources will carry out repair works free of charge). If the installation work performed by Jinran China Resources does not meet the standards stipulated under the Installation Agreement, the Company may request Jinran China Resources to re-perform the installation work until the stipulated standards are met. In the event that the installation work is still below standard afterwards, the Company shall be entitled to make a one-off deduction equivalent to 20% of the contract price for the sub-standard work, as liquidated damages, from the actual contract price.

The Installment Agreement is effective upon (i) its execution and (ii) it being approved by the Board and the independent Shareholders (if required).

The Installment Agreement shall be suspended immediately in the event that the actual contract amount exceeds such maximum amount, and performance of the Installment Agreement should only be resumed unless and until the Installment Agreement having been amended in writing, and the Company having made disclosure and obtained independent Shareholders' approval as required under the Listing Rules, applicable laws, rules and regulations.

INFORMATION ABOUT THE GROUP

The Group's principal activities are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas in the PRC.

INFORMATION ABOUT JINRAN CHINA RESOURCES

Jinran China Resources is held as to 51% by Tianjin Gas (a controlling shareholder of the Company) and as to 49% by China Resources Gas Group Limited (a company whose shares are listed on the main board of the Stock Exchange, Stock code: 1193), respectively. It is the sole wholesale supplier of natural gas in Tianjin City and part of the rural areas of Tianjin. The principal businesses of Jinran China Resources include operation of gas pipeline infrastructure, supply of natural gas to other gas supply operators in the Tianjin area, the sales and distribution of piped gas to end users and the sale of gas appliances and equipment in connection with gas supply in certain areas of Tianjin.

The ultimate beneficial owner of Tianjin Gas is the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government, a special commission directly under the Tianjin Municipal People's Government.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Group operates and manages gas pipeline infrastructure, and distributes piped gas in, among others, the Relevant Districts. Gas meters used in the Group's ordinary and usual course of business have a service life and are required to be replaced periodically. Since certain gas meters in the Relevant Districts are set to be replaced in 2022, the Company needs to procure gas meters and related installation services.

On the other hand, Jinran China Resources, as part of its ordinary business, is also conducting similar gas meters replacement work in its operating areas. As a result of Jinran China Resources' scale of operations, the replacement work to be conducted by Jinran China Resources (and therefore the number of gas meters to be acquired by Jinran China Resources) for its own need will be of a much larger scale when compared to that of the Company. As a result, compared to the Company directly procuring and installing gas meters, the Company would be benefited from relatively lower costs and expenses due to bulk purchasing and economies of scale through engaging Jinran China Resources to procure and install gas meters. Jinran China Resources will select its supplier(s) and service provider(s) by way of tender.

The Company will pay the procurement price and the contract price with its internal resources.

The Board (including the independent non-executive Directors) considers that the Agreements are entered into in the ordinary and usual course of business of the Group after arm's length negotiations between the Company and Jinran China Resources, and the terms of the Agreements (including the prices thereunder), respectively, are of normal commercial terms or better, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jinran China Resources is held as to 51% by Tianjin Gas, which is in turn, a controlling shareholder of the Company holding 1,297,547,800 Domestic Shares (representing approximately 70.54% of the total issued shares of the Company). Jinran China Resources is hence a connected person of the Company, and the entering into of the Agreements by the Company constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Agreements, in aggregate, is higher than 0.1% but all of them are below 5%, the Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(i) Mr. Hou Shuang Jiang, a non-executive Director, is a director of 天津能源集團財務有限公司 (Tianjin Energy Group Finance Co., Ltd.*), an indirect non-wholly-owned subsidiary of 天津能源投資集團有限公司 (Tianjin Energy Investment Company Limited*), which owns the entire equity interest in Tianjin Gas; and
(ii) Mr. Zhao Heng Hai, a non-executive Director, is the chairman of the board of directors of Jinran China Resources. Accordingly, each of them has abstained from voting on the Board resolutions in relation to the Agreements. Save as disclosed above, none of the Directors has a material interest in the Agreements.

DEFINITIONS

“Agreements”	the Procurement Agreement and the Installation Agreement
“Board”	the board of Directors
“Company”	天津津燃公用事業股份有限公司 (Tianjin Jinran Public Utilities Company Limited), a joint stock limited company incorporated in the PRC, whose H shares are listed on the Stock Exchange
“connected persons(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in RMB
“Group”	the Company and its subsidiaries
“Installation Agreement”	the gas meters installation agreement (types G2.5 and G4) dated 10 March 2022 entered into between the Company and Jinran China Resources in respect of the installation of gas meters by Jinran China Resources
“IoT”	Internet of Things

“Jinran China Resources”	津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd*), a company established in the PRC with limited liability; and a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China and for the purpose of this announcement, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Procurement Agreement”	the entrusted procurement agreement (types G2.5 and G4) dated 10 March 2022 entered into between the Company and Jinran China Resources in respect of the entrustment of Jinran China Resources to procure gas meters
“Relevant Districts”	Heping district, Hedong district, Xiqing district, Ninghe district, Hangu district and part of Jinnan districts in Tianjin, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Gas”	天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*), a state-owned enterprise established in the PRC with limited liability; and a connected person of the Company

* *For identification purpose only, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.*

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Zhao Wei
Chairman

Tianjin, PRC, 10 March 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Wei (Chairman), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors, namely Mr. Hou Shuang Jiang, Mr. Zhao Heng Hai and Ms. Hou Yuling, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.