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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)

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
GAS METERS INDOOR INSTALLATION**

On 19 April 2022, the Company entered into the Installation Services Agreement with Tianjin Yixiao, pursuant to which the Company agreed to engage Tianjin Yixiao to provide indoor gas meters installation services in newly built residential premises in the Relevant Districts in Tianjin with an annual cap of RMB4,852,000.

LISTING RULES IMPLICATIONS

Tianjin Yixiao is an indirect subsidiary of Tianjin Gas, who, in turn, is a controlling shareholder of the Company holding approximately 70.54% of the total issued shares of the Company as of the date of this announcement. Tianjin Yixiao is thus an associate of Tianjin Gas and a connected person of the Company, and the entering into of the Installation Services Agreement by the Company constitutes continuing 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 Installation Services Agreement is higher than 0.1% but all of them are below 5%, the Installation Services Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 19 April 2022, the Company and Tianjin Yixiao entered into the Installation Services Agreement. Set out below is a summary of the principal terms of the Installation Services Agreement:

The Installation Services Agreement

Date:

19 April 2022

Parties:

- (i) The Company; and
- (ii) Tianjin Yixiao

Subject matter:

Pursuant to the Installation Services Agreement, the Company agreed to engage Tianjin Yixiao to provide gas meter indoor installation and ancillary services for newly built residential premises in the Relevant Districts (including without limitation, on-site survey, coordination with local community and senior management unit, organising relevant procurement of materials, organising indoor installation of gas meters, gas connection, adding pressure, conducting tests and acceptances, and post installation maintenance and repairs), with an annual cap of RMB4,852,000 (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 RMB242.6 per household (inclusive of tax, labour costs, machineries costs, and costs for maintenance and repair). Parties will enter into a final settlement contract before completion and termination of the Installation Services Agreement to acknowledge the actual contract price payable calculated based on such formula, after which the Company will pay the actual contract price.

The aforesaid maximum contract price is calculated based on the unit price of RMB242.6 per household multiplied by the number of new residential premises in the Relevant Districts expected to require installation of gas meters. Such unit price was determined through a tender process with references to (i) the bidding price submitted by Tianjin Yixiao and other bidders; (ii) the other factors taken into consideration in the tender process as stated in the section headed “Reasons for and benefits of the Installation Services Agreement” below; and (iii) the prevailing market price of similar services. Historical transaction amount for gas meter installation and ancillary services performed by Tianjin Yixiao were RMB3,154,671.56 (excluding tax), RMB242,479.82 (excluding tax) and RMB3,565,429.45 (excluding tax) for the years ended 31 December 2019, 2020 and 2021.

The installation work shall be performed within one year from the date of the Installation Services Agreement (with a warranty period of not less than 2 years (or such longer period as may be regulated by applicable PRC laws), and a product liability period of 2 years from the date of completion and acceptance of the installation works performed, during which Tianjin Yixiao will provide timely maintenance and repair works free of charge). Pursuant to the Installation Services Agreement, if the installation works performed by Tianjin Yixiao falls below the relevant standards, the Company could issue a notice of rectification to request Tianjin Yixiao to rectify the installation works to meet the relevant standards within a specified time frame. In the event that the installation work is still below standard afterwards, or if the repairs were not completed within the agreed time limit, the Company may entrust another to carry out the repair works, and the costs incurred shall be borne by Tianjin Yixiao pursuant to the Installation Services Agreement.

The gas meters to be installed under the Installation Services Agreement will be provided by the Company.

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

The Installation Services Agreement shall be suspended immediately in the event the actual contract amount exceeds such maximum amount, and performance of the Installation Services Agreement should only be resumed unless and until the Installation Services Agreement is 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.

INTERNAL CONTROL

The installation services under the Installation Services Agreement shall be priced on fixed unit price.

The Company has also adopted the following measures:

1. The business department of the Company will conduct regular checks to review and assess whether the transactions contemplated under the Installation Services Agreement are conducted in accordance with its terms and will also be regularly up to date with the market prices and conditions;
2. The Company's external auditors will be engaged to report on the Installation Services Agreement and its annual cap; and
3. The independent non-executive Directors will conduct an annual review of the implementation and enforcement of the transactions contemplated under the Installation Services Agreement.

The finance department of the Company monitors the amount of installation performed regularly in order to ensure that such aggregated amount will not exceed the annual cap. The finance department of the Company will estimate the expected amount to be settled based on the installation progress, and will notify the general manager of the Company of such expected transaction amount. The Board shall eventually determine if the annual cap should be revised upward in accordance with the Listing Rules.

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 TIANJIN YIXIAO

Tianjin Yixiao is a company established in the PRC with limited liability, and is an indirect subsidiary of Tianjin Gas (a controlling shareholder of the Company). Based on the information available to the Company, Tianjin Yixiao is owned as to approximately 75.33% by 天津市眾元天然氣工程有限公司 (Tianjin Zhongyuan Natural Gas Engineering Co., Ltd*) and as to approximately 24.67% by 天津市允孚燃氣科貿有限公司 (Tianjin Yunfu Natural Gas Trade Co., Ltd*) (both of which are subsidiaries of Tianjin Gas) as of the date of this announcement.

Tianjin Yixiao is principally engaged in the provision of installation and maintenance services of pipelines and auxiliary equipment and sale of construction equipment, hardware products and chemical products.

REASONS FOR AND BENEFITS OF THE INSTALLATION SERVICES AGREEMENT

The Group operates and manages gas pipeline infrastructure, and distributes piped gas in, among others, the Relevant Districts. In its ordinary course of business, the Company needs to engage service providers to install gas meters in new residential premises within the Relevant Districts.

Tianjin Yixiao is a service provider of installation of gas meters in Tianjin as part of its ordinary business. The selection of the service provider by the Company and the contract price under the Installation Services Agreement is determined through tender and Tianjin Yixiao was confirmed to be the successful bidder. When selecting the successful bidder, factors such as the bidding price, scope of services, the professional qualifications, the experience and the reputation in the industry of the bidders have been taken into consideration.

The Company will pay the purchase price with its internal resources.

The Board (including the independent non-executive Directors) considers that the Installation Services Agreement is entered into in the ordinary and usual course of business of the Group after arm's length negotiations between the Company and Tianjin Yixiao, and the terms of the Installation Services Agreement (including the prices thereunder) 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 referred to in the paragraph headed "Information about Tianjin Yixiao" above, Tianjin Yixiao is an indirect subsidiary of Tianjin Gas, who, in turn, is 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), as of the date of this announcement. Tianjin Yixiao is thus an associate of Tianjin Gas and a connected person of the Company, and the entering into of the Installation Services Agreement by the Company constitutes continuing 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 Installation Services Agreement is higher than 0.1% but all of them are below 5%, the Installation Services Agreement and the transactions contemplated thereunder are subject to the annual review, 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., Limited*), 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 津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd*), which is held as to 51% by Tianjin Gas. Accordingly, both of them have abstained from voting on the resolutions in relation to the approval of the Installation Services Agreement. Save as disclosed above, none of the Directors has a material interest in the Installation Services Agreement.

DEFINITIONS

“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 Services Agreement”	the indoor gas meter installation service framework agreement for newly built residential premises in the Relevant Districts dated 19 April 2022 entered into between the Company and Tianjin Yixiao
“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
“Relevant Districts”	Heping district, Hedong district, Xiqing district, Ninghe district and Hangu district 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
“Tianjin Yixiao”	天津市益銷燃氣工程發展有限公司 (Tianjin Yixiao Construction Development Co., Ltd.*), a company 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, 19 April 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.