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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 TRANSACTION IN RELATION TO
PROCUREMENT OF GAS METERS**

PROCUREMENT OF GAS METERS

On 28 July 2022, the Company and Tianjin Yumin entered into the Procurement Agreement pursuant to which the Company agreed to procure from Tianjin Yumin IoT gas meters at an aggregate maximum purchase price of RMB5,922,000.

LISTING RULES IMPLICATIONS

Tianjin Yumin is a subsidiary, and accordingly, an associate of Jinran China Resources (a controlling shareholder of the Company). Tianjin Yumin is thus a connected person of the Company, and the entering into of the Procurement Agreement by the Company constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the Procurement Agreement (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin in the past 12 months) is more than 0.1% but below 5%, the Procurement Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements, but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The principal terms of the Procurement Agreement are as follows:

Date:

28 July 2022

Parties:

Purchaser: The Company; and

Supplier: Tianjin Yumin

Subject matter:

Pursuant to the Procurement Agreement, Tianjin Yumin agreed to sell and the Company agreed to purchase, IoT gas meters (types G1.6/2.5) at a unit price of RMB329, with an aggregate maximum purchase price of RMB5,922,000 (tax inclusive).

The Procurement Agreement has a performance period of one year from its execution. During such performance period:

1. the Company shall have the right to notify Tianjin Yumin the quantity of gas meters to be purchased and the time of delivery; Tianjin Yumin shall have not less than seven days to complete the delivery;
2. the gas meters shall be delivered to the place specified by the Company and all the costs and risks related to the delivery will be borne by Tianjin Yumin; and
3. the Company will not be deemed to be in breach of the Procurement Agreement if no order is actually placed during such performance period.

Upon delivery of the gas meters by Tianjin Yumin, both the Company and Tianjin Yumin will jointly conduct a preliminary inspection of the type, quantity, appearance, model and packaging of the gas meters delivered. If, during such inspection process, it is found that more than 10% of the total quantity or the total monetary value of gas meters delivered is inconsistent with the specifications as stated in the Procurement Agreement, the Company shall have the right to (i) reject the gas meters delivered and request Tianjin Yumin to replace the same; or (ii) rescind the Procurement Agreement.

Gas meters supplied by Tianjin Yumin shall have a quality warranty period of one year from the installation of the gas meters (other than for natural wear and tear).

Purchase price:

The actual purchase price shall be calculated based on the actual quantity of gas meters purchased by the Company. The parties will enter into separate settlement contract(s) based on the actual quantity inspected.

The selection of the supplier by the Company and the purchase price of the gas meters are determined through tender with more than five bidders (including Tianjin Yumin) having participated. The aggregate maximum purchase price was determined based on the estimated quantity of gas meters required by the Company, and after arm's length negotiation between the Company and Tianjin Yumin with reference to, among other things: (i) the unit bidding price submitted by Tianjin Yumin in the tender; (ii) the professional qualifications, the experience and the reputation of Tianjin Yumin; (iii) the factors taken into consideration when selecting the successful bidder as stated in the paragraph headed "Reasons for and benefits of the Procurement Agreement" below; and (iv) the prevailing market unit price of IoT gas meters.

For the financial year ended 31 December 2021 and 2020, the transaction amount for purchase of gas meters by the Group from Tianjin Yumin was approximately RMB5.01 million, and RMB1.18 million, respectively.

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

INTERNAL CONTROL

The gas meters under the Procurement 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 Procurement 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 Procurement Agreement and the actual purchase price; and
3. The independent non-executive Directors will conduct an annual review of the implementation and enforcement of the transactions contemplated under the Procurement Agreement.

The finance department of the Company monitors the amount of gas meter ordered in order to ensure that such aggregated maximum purchase price will not be exceeded. The finance department will notify the general manager of the Company of such expected transaction amount. The Board shall eventually determine if the aggregate maximum purchase price should be revised upwards in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF THE PROCUREMENT AGREEMENT

Gas meters are required in the Group's operation in its ordinary course of business of selling and distributing piped gas. The Company selects the supplier of gas meters and determines the terms of the Procurement Agreement (including the price of gas meters) through tender. When selecting the successful bidder, factors such as the bidding price, the professional qualifications, the experience and the reputation in the industry of the bidders have been taken into consideration. Tianjin Yumin is a manufacturer of gas meters in Tianjin which manufactures its own branded gas meters, and it was confirmed to be the successful bidder.

The Board (including the independent non-executive Directors) considers that the Procurement Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms of the Procurement Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF 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 OF TIANJIN YUMIN

Tianjin Yumin's principal business is the wholesale and retail of gas meters, plumbing equipment and hardware. It is also a manufacturer of gas meters.

As of the date of this announcement, Tianjin Yumin is owned as to 51% by Jinran China Resources (a controlling shareholder of the Company), and as to 49% by Shui Fa Hang Yu Xing IoT Technology (Liaoning) Co., Ltd. (水發航宇星物聯科技(遼寧)有限公司) (“SFHYX”) (who so far as the Company is aware of, is owned as to 70% by Shandong Water Resources Development Group Co., Ltd. (a company wholly-owned by Shuifa Group Co., Ltd., which in turn, is ultimately controlled by the Shandong Province Stated-owned Assets Supervision and Administration Commission). Other shareholders of SFHYX are Guan Hong Jun, Cheng Bo and Zhang Guang Chun based on information available to the Company. SFHYX and its ultimate beneficial owners are not connected persons of the Company to the best knowledge, information and belief of the Directors having made all reasonable enquiry.

Jinran China Resources is a controlling shareholder of the Company, which, as of the date of this announcement, holds 1,297,547,800 domestic shares of the Company, representing approximately 70.54% of the issued shares of the Company. Jinran China Resources is held as to 51% by Tianjin Gas and as to 49% by China Resources Gas (Hong Kong) Investment Limited (a wholly-owned subsidiary of China Resources Gas Group Limited (the shares of which are listed on the Stock Exchange). 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.

LISTING RULES IMPLICATIONS

As referred to in the paragraph headed “Information of Tianjin Yumin” above, Tianjin Yumin is a subsidiary, and accordingly, an associate of Jianran China Resources (a controlling shareholder of the Company). Tianjin Yumin is thus a connected person of the Company and the entering into of the Procurement Agreement by the Company constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the Procurement Agreement (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin in the past 12 months) is more than 0.1% but below 5%, the Procurement Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements, but are exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (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 Tianjin Energy which owns the entire equity interest in Tianjin Gas, which in turn owns 51% of the registered capital of Jinran China Resources; and (ii) Mr. Zhao Heng Hai, a non-executive Director, is the chairman of the board of directors of Jinran China Resources, both of them have abstained from voting on the resolutions in relation to the approval of the Procurement Agreement proposed to the Board. Save as disclosed above, none of the Directors have a material interest in the Procurement Agreement.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Group”	the Company and its subsidiaries
“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 controlling shareholder 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 procurement contract dated 28 July 2022 entered into between the Company and Tianjin Yumin in respect of the procurement of gas meters from Tianjin Yumin
“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 Energy”	天津能源投資集團有限公司 (Tianjin Energy Investment Company Limited), a state-owned enterprise established in the PRC with limited liability

- “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 Yumin” 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd.), a company established in the PRC with limited liability, and a non-wholly owned subsidiary of Jinran China Resources

* *In this announcement, the English names of certain PRC entities and persons are translations of their Chinese names and included herein for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.*

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

Tianjin, PRC, 28 July 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Wei (Chairman of the Board), 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.