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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
NEW AGREEMENT FOR PROCUREMENT OF GAS METERS
AND
TERMINATION OF EXISTING AGREEMENT**

PROCUREMENT OF GAS METERS

Reference is made to the announcement of the Company dated 28 July 2022, with respect to the Existing Agreement between the Company and Tianjin Yumin regarding procurement of gas meters by the Company from Tianjin Yumin.

The Company contemplates that it will require more IoT gas meters and additional model(s) of IoT gas meters with safety function. Accordingly, on 9 November 2022, the Company entered into the Termination Agreement to terminate the Existing Agreement, and entered into the New Agreement with Tianjin Yumin for the procurement of IoT gas meters with an aggregate maximum purchase price of RMB7,040,000.

LISTING RULES IMPLICATIONS

Tianjin Yumin is a connected person of the Company. The entering into of the New Agreement by the Company and the transactions contemplated thereunder constitute continuing connected transactions 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 New Agreement (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin in the past 12 months, including the transactions which took place under the Existing Agreement) is more than 0.1% but below 5%, the New 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.

As set out in the announcement of the Company dated 28 July 2022, the Company entered into the Existing Agreement with Tianjin Yumin, under which the Company agreed to purchase IoT gas meters (type G1.6/2.5) at a unit price of RMB329 from Tianjin Yumin. The aggregate maximum purchase price under the Existing Agreement was RMB5,922,000 (tax inclusive), and the Existing Agreement had a performance period of one year from its execution (i.e. 28 July 2022).

The Company plans to upgrade the household gas equipment and facilities for its gas users. To implement such upgrade, the Company contemplates that it will require more ordinary IoT gas meters and additional model(s) of IoT gas meters with safety function. In light of the enlarged scale of procurement required and the bulk-discount on unit price which could be brought, on 9 November 2022, the Company entered into the Termination Agreement to terminate the Existing Agreement, and entered into the New Agreement with Tianjin Yumin.

Pursuant to the Termination Agreement, the Company and Tianjin Yumin agreed to terminate the Existing Agreement with immediate effect. Both parties are released and discharged from their respective rights and obligations under the Existing Agreement (other than accrued payable for products that has not yet been paid prior to the termination). The aggregate purchase amount incurred by the Company under the Existing Agreement during its term (up to its termination) was approximately RMB100,000. The parties will confirm and finalise the total number of gas meters purchased and outstanding balance incurred under the Existing Agreement in a separate settlement contract to be entered into.

NEW AGREEMENT

The principal terms of the New Agreement are as follows:

Date:

9 November 2022

Parties:

Purchaser: The Company; and

Supplier: Tianjin Yumin

Subject matter:

Pursuant to the New Agreement, Tianjin Yumin has agreed to supply to the Company upon the Company's request, the following IoT gas meters, with an aggregate maximum purchase price of RMB7,040,000 (tax inclusive):

| Gas meter type | Unit price (tax inclusive) | Maximum purchase price (tax inclusive) |
|--|---------------------------------------|---|
| Ordinary IoT gas meters (type G4 and below) | RMB321 | RMB7.04 million |
| IoT gas meters with safety functions (type G4 and below) | RMB351 | |

The New 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 New 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, 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 New 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 New 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 unit price of the gas meters were determined through tender with more than four 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 New Agreement" below; (iv) the prevailing market unit price of gas meters; and (v) the historical transaction amounts for procurement of similar gas meters.

For the financial years 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 New 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 New 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 New 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 New Agreement.

The finance department of the Company monitors the amount of gas meters 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 NEW AGREEMENT

Gas meters are required in the Group's operation in its ordinary course of business of selling and distributing piped gas.

As set out above, the Company plans to upgrade the household gas equipment and facilities for its gas users. To implement such upgrade, the Company contemplates that it will require (i) more ordinary IoT gas meters than originally estimated under the Existing Agreement, and (ii) additional model(s) of IoT gas meters with safety functions. In light of the enlarged scale of procurement required and the bulk-discount on unit price which could be brought, the Company decided to terminate the Existing Agreement, and put out a new tender for its forthcoming estimated demand for IoT gas meters.

The Company selects the supplier of gas meters and determines the terms of the New Agreement (including the unit prices 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 unit price of the ordinary IoT gas meters was lowered under the New Agreement, when compared to that under the Existing Agreement.

In light of the above, the Board (including the independent non-executive Directors) considers that the entering into of the New Agreement, and the termination of the Existing Agreement, to be in the ordinary and usual course of business of the Group, on normal commercial terms or better, and that the terms of the New 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 Jinran China Resources (a controlling shareholder of the Company). Tianjin Yumin is therefore a connected person of the Company. The entering into of the New Agreement by the Company and the transactions contemplated thereunder constitute continuing connected transactions 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 New Agreement (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin in the past 12 months, including the transactions which took place under the Existing Agreement) is more than 0.1% but below 5%, the New 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.

Each of Mr. Chen Tao (an executive Director), Ms. Wu Fang, Ms. Guan Na, and Mr. Zhang Jinghan (each a non-executive Director) holds concurrent positions (non-directorship or non-senior management roles) in Jinran China Resources. For good corporate governance practice, each of them has abstained from voting on the resolutions in relation to the approval of the Termination Agreement and the New Agreement proposed to the Board. Save as disclosed above, none of the Directors have a material interest in the Termination Agreement or the New 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 |

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|-------------------------------------|---|
| “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 director(s) of the Company |
| “Existing Agreement” | the procurement contract dated 28 July 2022 entered into between the Company and Tianjin Yumin in respect of the procurement of IoT gas meters from Tianjin Yumin |
| “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 |
| “New Agreement” | the procurement contract dated 9 November 2022 entered into between the Company and Tianjin Yumin in respect of the procurement of gas meters from Tianjin Yumin |
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Termination Agreement” | the termination contract dated 9 November 2022 entered into between the Company and Tianjin Yumin in respect of the termination of the Existing Agreement |
| “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 |

“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 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
Chen Tao
Chairman of the Board

Tianjin, PRC, 9 November 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Tao (Chairman of the Board), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors, namely Ms. Wu Fang, Ms. Guan Na and Mr. Zhang Jinghan, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.