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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  
PIPELINE CONSTRUCTION —  
REVISION OF 2022 ANNUAL CAP**

Reference is made to the announcement of the Company dated 15 December 2021 in relation to the 2022 Pipeline Works Framework Agreement regarding the provision of pipeline construction and design services by Tianjin Energy and/or its associated companies to the Group from 1 January 2022 to 31 December 2022.

On 15 November 2022, the Company and Tianjin Energy entered into the Supplemental Agreement to revise the Annual Cap for the year ending 31 December 2022 under the 2022 Pipeline Works Framework Agreement.

**LISTING RULES IMPLICATIONS**

Jinran China Resource is a controlling shareholder of the Company. Tianjin Energy owns the entire equity interest in Tianjin Gas, which in turn owns 51% of the registered capital of Jinran China Resources. Hence, Tianjin Energy is a connected person of the Company. The entering into of the Supplemental Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and shareholders' approval requirements (where applicable) for the Supplemental Agreement. As the highest applicable percentage ratio for the Revised 2022 Annual Cap under the Supplemental Agreement exceeds 5%, the Supplemental Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise Independent Shareholders on the Supplemental Agreement. Gram Capital Limited will be appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among other things, (i) further details of the Supplemental Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the independent financial adviser of the Company to the Independent Board Committee and Independent Shareholders; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 6 December 2022.

Reference is made to the announcement of the Company dated 15 December 2021 in relation to the 2022 Pipeline Works Framework Agreement regarding the provision of pipeline construction and design services by Tianjin Energy and/or its associated companies to the Group from 1 January 2022 to 31 December 2022.

On 15 November 2022, the Company and Tianjin Energy entered into the Supplemental Agreement to revise the Annual Cap under the 2022 Pipeline Works Framework Agreement.

## **THE SUPPLEMENTAL AGREEMENT**

The principal terms of the Supplemental Agreement are summarised as follows:

### **Date:**

15 November 2022

### **Parties:**

- (i) The Company
- (ii) Tianjin Energy

### **Major terms:**

Pursuant to the Supplemental Agreement, the Company and Tianjin Energy agreed to revise the Annual Cap (in terms of contract sum committed under the construction and design services contracts if awarded as a result of successful bid) for the year ending 31 December 2022 under the 2022 Pipeline Works Framework Agreement (originally, RMB30,000,000) to RMB51,780,000 (i.e. the Revised 2022 Annual Cap).

Save for revising the Annual Cap for the year ending 31 December 2022, other terms and conditions of the 2022 Pipeline Works Framework Agreement remain unchanged.

The Supplemental Agreement will be effective upon (i) its execution; (ii) the approval of the Board and the independent shareholders of the Company (if required); and (iii) completion of necessary approval procedures of Tianjin Energy.

## **BASIS FOR DETERMINING THE REVISED 2022 ANNUAL CAP**

Set out below are the annual cap amounts and the actual transaction amounts in respect of the pipeline construction and design services received by the Group from Tianjin Energy and/or its associated companies for the periods indicated:

	<b>Actual transaction (settlement) amount (RMB million, approximate)</b>	<b>Annual cap (in terms of contract sum committed under the construction and design services contracts if awarded as a result of successful bid) (RMB million)</b>
For the year ended 31 December 2020	19	30
For the year ended 31 December 2021	27	30

For the nine months ended 30 September 2022, the historical transaction amount in respect of the pipeline construction and design services received by the Group from Tianjin Energy and/or its associated companies was approximately RMB19 million. The Annual Cap for the year ending 31 December 2022 under the 2022 Pipeline Works Framework Agreement has not been exceeded as at the date of this announcement.

The Revised 2022 Annual Cap under the Supplemental Agreement is calculated with reference to: (i) the historical transaction amount; (ii) the utilisation rate of the original Annual Cap under the 2022 Pipeline Works Framework Agreement of approximately 75% as of the date of this announcement; (iii) the anticipated increase in the Group's demand for construction and design services for pipelines and supporting facilities in the remainder of 2022 with reference to the Group's plan to upgrade indoor gas equipment and facilities, and to renew and renovate the existing pipe network, and the expected number of pipeline construction projects which could possibly be awarded to Tianjin Energy and/or its associated companies upon bidding; and (iv) market prices of the pipeline construction and design services.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the Revised 2022 Annual Cap is fair and reasonable taking into account the above factors.

Pursuant to the 2022 Pipeline Works Framework Agreement, the transactions contemplated under the 2022 Pipeline Works Framework Agreement shall be priced in accordance with the following terms: (i) prescribed State Price; or (ii) where there is no prescribed State Price, the relevant market price; or (iii) where there is neither a State Price nor a relevant market price, the actual cost incurred plus a reasonable fee.

In order to ensure that the terms for the pipeline construction and design services are no less favourable than those provided by independent third parties, the Company has adopted the following measures:

1. The management of the Company will conduct regular checks to review and assess whether the transactions contemplated under the 2022 Pipeline Works Framework Agreement are conducted in accordance with its terms and will also be regularly up to date with the market prices and conditions for the purpose of considering if the fees to be paid to Tianjin Energy and/or its associated companies by the Group under the separately-entered construction and design service contracts are fair and reasonable;
2. The Company's external auditors will be engaged to report on the 2022 Pipeline Works Framework Agreement and the Revised 2022 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 2022 Pipeline Works Framework Agreement.

The finance department of the Company monitors the aggregated invoiced and settlement amount regularly in order to ensure that such aggregated amount will not exceed the Revised 2022 Annual Cap. The finance department of the Company will estimate the expected amount to be settled based on the construction progress and payment schedule of gas pipeline construction projects, and will notify the general manager of the Company of such expected transaction amount and the aggregated transaction amount. The Board shall eventually determine if the Revised 2022 Annual Cap should be revised upward in accordance with the Listing Rules.

Further details regarding the tender process through which supplier of gas pipeline construction projects of the Group is selected are set out in the Company's announcement dated 15 December 2021.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

The Company has commenced an upgrading project of the indoor gas equipment and facilities and has intensified the renewal and renovation works on its existing pipe network. As a result, the Company contemplates that, compare to the original estimation of construction and design services for pipelines and supporting facilities under the original 2022 Pipeline Works Framework Agreement made back in December 2021, additional construction and design services will be required and the original Annual Cap for 2022 may not be sufficient. The entering into of the Supplemental Agreement will enable the Group to stably and continuously conduct the relevant transactions with Tianjin Energy and/or its associated companies for the remainder of this year.

The Company considers that Tianjin Energy and/or its associated companies are specialised and experienced in pipeline construction projects through years of cooperation between the Group, Tianjin Energy and its associated companies. Also, having considered the future operational development and demand of the Company and since both parties are familiar with each other's background, communication between the parties would be faster and easier, risks and costs for transaction will also be reduced.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the Supplemental Agreement is entered into in the ordinary and usual course of business of the Group after arm's length negotiation between the Company and Tianjin Energy, and the terms of the Supplemental Agreement (including the Revised 2022 Annual Cap) are of normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the 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 ENERGY**

Jinran China Resources is a controlling shareholder of the Company, which holds 1,297,547,800 domestic shares of the Company, representing approximately 70.54% of the issued shares of the Company, as of the date of this announcement. 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)). Tianjin Energy wholly-owns Tianjin Gas.

The ultimate beneficial owner of Tianjin Energy 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.

The principal business of Tianjin Energy includes the 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 in Tianjin.

## **LISTING RULES IMPLICATIONS**

As set out in the section headed "Information of Tianjin Energy" above, Tianjin Energy is a connected person of the Company. The entering into of the Supplemental Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and shareholders' approval requirements (where applicable) for the Supplemental Agreement. As the highest applicable percentage ratio for the Revised 2022 Annual Cap under the Supplemental Agreement exceeds 5%, the Supplemental Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise Independent Shareholders on the Supplemental Agreement. Gram Capital Limited (a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance) will be appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among other things, (i) further details of the Supplemental Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the independent financial adviser of the Company to the Independent Board Committee and Independent Shareholders; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 6 December 2022.

Jinran China Resources and its associates will abstain from voting in connection with the Supplemental Agreement at the EGM.

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 resolution(s) in relation to the approval of the Supplemental Agreement proposed to the Board. Save as disclosed above, none of the Directors have a material interest in the Supplemental Agreement.

## DEFINITIONS

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

“2022 Pipeline Works Framework Agreement”	the engineering works framework agreement dated 15 December 2021 entered into between the Company and Tianjin Energy in respect of the provision of construction and design services for pipelines and supporting facilities by Tianjin Energy and/or its associated companies for the period from 1 January 2022 to 31 December 2022
“Annual Cap”	the annual cap of total settlement amount in respect of the construction and design services for pipelines and supporting facilities
“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 person(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
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving (among other things) the Supplemental Agreement

“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li, the independent non-executive Directors
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution(s) approving the Supplemental Agreement
“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 of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Revised 2022 Annual Cap”	the new Annual Cap for the year ending 31 December 2022 under the 2022 Pipeline Works Framework Agreement, as revised by the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the conditional supplemental agreement dated 15 November 2022 entered into between the Company and Tianjin Energy to adjust the annual cap under 2022 Pipeline Works Framework Agreement

“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 wholly-owned subsidiary of Tianjin Energy

*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, the PRC, 15 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.*