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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Tianjin Jinran Public Utilities Company Limited**, you should hand this circular at once to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
RENEWAL OF CONSTRUCTION TRANSACTION
AND
PROCUREMENT OF GAS METERS**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on page 19 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 35 of this circular.

This circular should be read together with the notice convening the EGM of the Company dated 24 February 2023.

Whether or not you are able to attend the EGM, you are reminded to complete the proxy form in accordance with the instructions printed thereon and send the proxy form to the office of the Company at Floor 9, Gangao Tower, No. 18 Zhengzhou Road, Heping District, Tianjin, PRC (for holders of Domestic Shares), or to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) not later than 24 hours before the time appointed for holding of the EGM (or where applicable, any adjournment thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

All times and dates specified herein refer to local times and dates of Hong Kong.

24 February 2023

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DEFINITIONS

The following terms and expressions used in this circular have the following meanings unless the context requires otherwise:

“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
“Construction Annual Cap”	the annual cap of total settlement amount under the New Engineering Framework Agreement
“Construction Contract Term”	from the effective date of the New Engineering Framework Agreement to 31 December 2025
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 20 March 2023 for considering and, if thought fit, approving (among other things) the New Engineering Framework Agreement and the Procurement Agreement (or any adjournment thereof)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested share(s) of nominal value of RMB0.10 each in the share capital of the Company, which are listed on the main board of the Stock Exchange

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising of Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li, each an independent non-executive Director, established to advise the Independent Shareholders on the New Engineering Framework Agreement and the Procurement Agreement
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Engineering Framework Agreement and the Procurement Agreement
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution(s) approving the New Engineering Framework Agreement and/or the Procurement Agreement
“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
“Latest Practicable Date”	17 February 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Engineering Framework Agreement”	the engineering works framework agreement dated 18 January 2023 entered into between the Company and Jinran China Resources
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“PRC”	The People’s Republic of China, and for the purpose of this circular, 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
“Prior Engineering 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 (as supplemented by a supplemental agreement dated 15 November 2022)
“Procurement Agreement”	the procurement contract dated 13 February 2023 entered into between the Company and Tianjin Yumin in respect of the procurement of gas meters from Tianjin Yumin
“Procurement Annual Cap”	the annual caps for the years ending 31 December 2023, 2024 and 2025 under the Procurement Agreement
“Procurement Contract Term”	from the effective date of the Procurement Agreement to 31 December 2025
“Renewal Project”	the Group’s ongoing project to renew and renovate the gas facilities for residential users used in the selling and distribution of piped gas in Hexi, Jinnan and Xiqing districts in Tianjin
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	share(s) of the Company, including Domestic Share(s) and H Share(s), unless specified otherwise
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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
“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, a subsidiary of Jinran China Resources and a connected person of the Company

In this circular, certain Chinese names of institutions, natural persons or other entities have been translated into English and included as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Tao (*Chairman of the Board*)

Ms. Tang Jie

Mr. Sun Liangchuan

Non-executive Directors:

Ms. Wu Fang

Ms. Guan Na

Mr. Zhang Jinghan

Independent non-executive Directors:

Mr. Zhang Ying Hua

Mr. Yu Jian Jun

Mr. Guo Jia Li

Legal address:

Weishan Road

Chang Qing Science Industry and
Trade Park

Jinnan District

Tianjin, PRC

*Principal place of business
in the PRC:*

Floor 9, Gangao Tower

No. 18 Zhengzhou Road

Heping District

Tianjin, PRC

24 February 2023

To Shareholders:

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
RENEWAL OF CONSTRUCTION TRANSACTION
AND
PROCUREMENT OF GAS METERS**

INTRODUCTION

References are made to the announcements of the Company dated 18 January 2023 and 13 February 2023 in relation to the New Engineering Framework Agreement and the Procurement Agreement, respectively.

The purpose of this circular is to furnish you details of the New Engineering Framework Agreement and the Procurement Agreement.

LETTER FROM THE BOARD

THE NEW ENGINEERING FRAMEWORK AGREEMENT

The principal terms of the New Engineering Framework Agreement are summarised as follows:

Date:

18 January 2023

Parties:

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

Major terms:

Pursuant to the New Engineering Framework Agreement, Jinran China Resources agreed that during the Construction Contract Term, Jinran China Resources and/or its associated companies will undertake the Group's gas pipeline projects, supporting facilities construction projects, indoor gas meters installation projects, other outdoor and indoor gas facilities construction, renovation and renewal construction projects, and provide services such as inspection, design, supervision, entrusted procurement, entrusted installation, construction, drafting of completion reports and provision of maintenance services during the quality maintenance period.

Individual contracts will be entered into, and concrete terms including scope of works, term, fees and payment schedule will be set out thereunder. The fees under these individual contracts will be on normal commercial terms, determined on a fair and reasonable basis, and will be no less favourable than those offered to the Group by independent third parties. Where the pricing of the subject matter under an individual contract has been prescribed by the government (the "**State Price**"), such State Price shall be followed. If there is no State Price, the price shall be determined based on the market price (or if there is no market price, determined with reference to the actual costs plus a reasonable fee). Each of these individual contracts shall comply with the requirements under the Listing Rules and the applicable laws and regulations.

The New Engineering Framework Agreement will be effective upon (i) its execution; (ii) the approval of the Board and the Independent Shareholders (if required); and (iii) completion of necessary approval procedures of Jinran China Resources.

LETTER FROM THE BOARD

Construction Annual Caps:

The Construction Annual Caps under the New Engineering Framework Agreement (in terms of the total settlement amount, calculated based on the settlement date of relevant expenses under each project) are as follows:

Period	Construction Annual Cap (tax inclusive)
Year ending 31 December 2023	RMB141 million
Year ending 31 December 2024	RMB124 million
Year ending 31 December 2025	RMB77 million

BASIS FOR DETERMINING THE CONSTRUCTION ANNUAL CAPS

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, Jinran China Resources and/or its associated companies for the periods indicated:

	Actual transaction amount (approximate, tax inclusive)	Annual cap (in terms of contract sum committed under the services contracts awarded as a result of successful bid) (tax inclusive)
For the year ended 31 December 2020	RMB19 million	RMB30 million
For the year ended 31 December 2021	RMB27 million	RMB30 million
For the year ended 31 December 2022	RMB32 million*	RMB51.78 million

* Unaudited preliminary figure, subject to final audit

LETTER FROM THE BOARD

The Group has been undergoing the Renewal Project, which involves (among other things) the Group upgrading gas equipment and facilities used in distribution of piped gas, and renewing and renovating the Group's existing pipe network. Since the commencement of the Renewal Project, the Group's demand for construction and related services has intensified. Demand arising from the Renewal Project is expected to continue through the Construction Contract Term, with major work to be committed and settled in the years ending 31 December 2023 and 2024. As a result, the Group requires relatively higher Construction Annual Caps for these two years to accommodate the anticipated increase in demand. With the Renewal Project proceeding to completion in 2025, it is expected that the demand for construction and related services will decrease, as reflected in a lower Construction Annual Cap for the year ending 31 December 2025. The Construction Annual Caps are calculated with reference to (i) the historical transaction amounts; (ii) the construction, design, upgrade and alteration projects proposed to be carried out by the Group during the Construction Contract Term; (iii) the Group's ongoing Renewal Project and the additional demand for construction and other related services associated with the Renewal Project, and the timetable and anticipated progress of the Renewal Project; (iv) the expected number of projects which could possibly be awarded to Jinran China Resources and/or its associated companies taking into account the relevant certifications of Jinran China Resources and/or its associated companies; and (v) market prices of similar services.

The Directors (including the independent non-executive Directors) consider that the Construction Annual Caps are fair and reasonable taking into account the above factors.

THE PROCUREMENT AGREEMENT

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

Date:

13 February 2023

Parties:

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

Subject matter:

Pursuant to the Procurement Agreement, Tianjin Yumin agreed to supply to the Company upon the Company's request, gas meters during the Procurement Contract Term as follows:

LETTER FROM THE BOARD

Gas meter type	Unit price (tax inclusive)	Procurement Annual Caps for the year ending 31 December		
		2023 (tax inclusive)	2024 (tax inclusive)	2025 (tax inclusive)
Ordinary IoT gas meters (type G4 and below)	RMB321	RMB22 million	RMB2.048 million	RMB2 million
IoT gas meters with safety functions (type G4 and below)	RMB351			

During the Procurement Contract Term:

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 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).

Conditions precedent:

The Procurement Agreement shall be effective upon, among other things, the Company having fulfilled all approvals and requirements under the Listing Rules (that is, including having obtained the Independent Shareholders' approval).

LETTER FROM THE BOARD

Purchase price:

The actual purchase price shall be calculated based on the actual quantity of gas meters inspected and received. The parties will enter into separate settlement contract(s) based on the actual quantity inspected. The purchase price is expected to be settled at the end of each interim period, payment should be arranged pursuant to such settlement contracts.

The selection of the supplier by the Company and the unit price of the gas meters were determined through tender with more than three 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 for the Renewal Project, 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 entering into the Procurement Agreement" below; and (iv) the prevailing market unit price of gas meters. As the Group is implementing the Renewal Project, it is expected that the Group will have a substantially larger demand for gas meters in 2023, on top of gas meters required for its regular operations. To accommodate such demand, the Procurement Annual Cap for this year will be substantially higher, when compared with the actual transaction amount in previous years (which reflect the Group's requirements for gas meters applied mainly for maintenance, replacement and new installation in its regular operations). With the Renewal Project further progressing to completion in 2024 and 2025, demand for gas meters to be applied in the Renewal Project is expected to slow down, as reflected by the relatively lower Procurement Annual Caps in these two years.

As disclosed in the Company's announcement dated 9 November 2022, the Company and Tianjin Yumin entered into a procurement contract dated 9 November 2022 for the procurement of IoT gas meters with an aggregate maximum purchase price of RMB7,040,000 (tax inclusive) for a period of one year from its execution date. Gas meters under such existing procurement agreement will mainly be applied for the maintenance, replacement and new installation of gas equipment and facilities in the Group's regular operations, while the gas meters to be procured under the Procurement Agreement are to be applied principally for the Renewal Project. The entering into of the Procurement Agreement will not affect the terms and performance of such existing procurement contract.

For the financial years ended 31 December 2022 and 2021, the transaction amount for purchase of gas meters by the Group from Tianjin Yumin was approximately RMB4.53 million (unaudited preliminary figure, subject to final audit) and RMB5.01 million, respectively. The Company will pay the purchase price under the Procurement Agreement with its internal resources.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the Procurement Annual Caps are fair and reasonable.

INTERNAL CONTROL AND PRICING POLICY

The New Engineering Framework Agreement

Pursuant to the New Engineering Framework Agreement, the transactions contemplated under the New Engineering 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 of services provided by Jinran China Resources and/or its associated companies 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 New Engineering Framework Agreement are conducted in accordance with its terms and will also regularly update itself with the market prices and conditions for the purpose of considering if the fees to be paid to Jinran China Resources and/or its associated companies by the Group under individual service contracts are fair and reasonable;
2. The Company's external auditors will be engaged to report on the New Engineering Framework Agreement and the Construction Annual Caps; and
3. The independent non-executive Directors will conduct an annual review of the implementation and enforcement of the transactions contemplated under the New Engineering Framework Agreement.

The selection of the supplier of individual project (each a “**Project**”) will be determined (a) through public tender if so required by the relevant PRC laws, rules and regulations, and such public tender will be conducted according to relevant guidelines and standards prescribed by the government authorities, including the Measures in relation to Pricing of Construction Projects of Tianjin Municipality (《天津市建設工程計價辦法》) issued by the Tianjin Urban-Rural Development Committee (天津市城鄉建設委員會) and the Code of Bills of Quantities and Valuation for Construction Works (《建設工程工程量清單計價規範》) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房及城鄉建設部); or (b) if a public tender is not required, through the Group's internal procurement procedures, which will be conducted by reference to tender procedures with not less than three participating suppliers (including Jinran China Resources, if applicable).

LETTER FROM THE BOARD

There was no State Price as of the Latest Practicable Date for the anticipated services required by the Group under the New Engineering Framework Agreement. There are directions on the computations of the pricing of construction work issued by the Ministry of Housing and Urban-Rural Development of the PRC, for example, the aforementioned Code of Bills of Quantities and Valuation for Construction Works. This code gives certain general directions on calculation of construction project price, such as requiring the prices to include different elements such as fee for engineering work listed under different sub-items, measures to project costs, other project costs, taxes, etc.. The Group will observe applicable directions in determining the price under the New Engineering Framework Agreement.

Procurement procedures:

1. A maximum estimated price will be set for a Project by an independent construction surveying consultancy company engaged by the Group.
2. The maximum estimated price will be based on the total estimated costs (for example, the estimated costs of raw material, labour costs, area covered, estimated time of project etc.) and all costs related to the provision of service.
3. Applicants who intend to participate may provide their quotation with reference to the maximum estimated price.
4. The merits of the applications and participating suppliers will be assessed (a) in case of a public tender, through the tender procedures required by relevant PRC laws, rules and regulations by a tender evaluation committee; or (b) by the Group if a public tender is not required. Assessment will be made with reference to the criteria set out in the paragraph headed “Assessment criteria for the participating suppliers” below.
5. If the quotation offered by the participating supplier is above the maximum estimated price, the procurement procedure will be forfeited, in which case a new procurement procedure will start again. This is to ensure that the connected parties are not treated any more favourable or are not able to benefit from the connected transaction.
6. Where a public tender is not required but the number of suppliers participating in a procurement procedure is less than three, the Group will negotiate with the participating suppliers who meet all the qualifications.

LETTER FROM THE BOARD

Assessment criteria for the participating suppliers:

1. The legality of the participating supplier;
2. The management ability of the participating supplier;
3. The experience and reputation of the participating supplier;
4. The financial status of the participating supplier;
5. The adequacy of the team directly involved in the project of the participating supplier;
6. The mechanical and technical abilities of the participating supplier; and
7. The quotation offered by the participating supplier.

The finance department of the Company monitors the aggregate invoiced and settlement amount regularly in order to ensure that such aggregated amount will not exceed the Construction Annual Caps. The finance department of the Company will estimate the expected amount to be settled based on the progress and payment schedule of 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 Construction Annual Caps should be revised upward in accordance with the Listing Rules.

The Procurement Agreement

Pursuant to the Procurement Agreement, 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.

LETTER FROM THE BOARD

The finance department of the Company monitors the amount of gas meters ordered in order to ensure that the Procurement Annual Caps 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 Procurement Annual Caps should be revised upwards in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW ENGINEERING FRAMEWORK AGREEMENT

The Group requires services such as construction and design services for its gas construction and engineering projects during its ordinary and usual course of business. The New Engineering Framework Agreement renews the subject matter under the Prior Engineering Framework Agreement, expired on 31 December 2022.

The Company considers that Jinran China Resources and/or its associated companies are specialised and experienced in construction projects through years of cooperation between the Group, Tianjin Energy, Jinran China Resources and its associated companies. Also, since both parties are familiar with each other's background, communication between parties would be faster and easier, risks and costs for transaction will also be reduced. As described above, suppliers of individual Project will be selected and determined through public tender procedures conducted in accordance with relevant PRC laws, rules and regulations, or the Group's internal procurement procedures to promote and ensure the fairness and reasonableness of the terms of each Project. The entering into of the New Engineering Framework Agreement could provide flexibility to the Group to cooperate with Jinran China Resources and its associated companies and promote smooth operations if Jinran China Resources and/or its associated companies are awarded any Project through the procurement procedures.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT AGREEMENT

Gas meters are required in the Group's operation in its ordinary course of business of selling and distributing piped gas. In particular, the Group is implementing the Renewal Project to renew and renovate gas facilities for resident users in Hexi, Jinnan and Xiqing districts in Tianjin. The Renewal Project is expected to be completed by 2025. Additional new gas meters are necessary for the three years ending 31 December 2025 for the Renewal Project.

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 bidder's professional qualifications, the experience and the reputation in the industry 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.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that each of the New Engineering Framework Agreement and the Procurement Agreement are entered into in the ordinary and usual course of business of the Group after arm's length negotiation between the Company and Jinran China Resources and the Company and Tianjin Yumin, respectively, and the terms of each of the New Engineering Framework Agreement and the Procurement Agreement (including the Construction Annual Caps and Procurement Annual Caps) 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 JINRAN CHINA RESOURCES

Jinran China Resources is a controlling shareholder of the Company, which, as of the Latest Practicable Date, held 1,297,547,800 Domestic Shares, 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.

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.

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 Latest Practicable Date, Tianjin Yumin was owned as to 51% by Jinran China Resources, 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 enquiries.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

The New Engineering Framework Agreement

Jinran China Resources is a controlling shareholder and thus a connected person of the Company. The entering into of the New Engineering Framework Agreement by the Company and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the highest Construction Annual Cap under the New Engineering Framework Agreement exceeds 5%, the New Engineering Framework Agreement is subject to, among other things, the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Procurement Agreement

Tianjin Yumin is a subsidiary, and accordingly, an associate of Jinran China Resources. Tianjin Yumin is therefore a connected person of the Company. The entering into of the Procurement Agreement by the Company and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the highest Procurement Annual Cap under the Procurement Agreement (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin in the past 12 months) exceeds 5%, the Procurement Agreement is subject to, among other things, the reporting, announcement, annual review 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 New Engineering Framework Agreement and the Procurement Agreement proposed to the Board. Save as disclosed above, none of the Directors have a material interest in the New Engineering Framework Agreement and the Procurement Agreement.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the New Engineering Framework Agreement and the Procurement Agreement. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same. Your attention is also drawn to the Letter from the Independent Board Committee, the Letter from Gram Capital in, and the appendix to, this circular.

LETTER FROM THE BOARD

EGM

Ordinary resolutions in respect of the New Engineering Framework Agreement and the Procurement Agreement will be proposed at the EGM. Please refer to the notice of the EGM for further details.

Pursuant to the Listing Rules, voting at the EGM shall be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Jinran China Resources (who held 1,297,547,800 Domestic Shares as of the Latest Practicable Date) and its associates, having a material interest in the transactions concerned, will abstain from voting in connection with the New Engineering Framework Agreement and the Procurement Agreement at the EGM.

Proxy form for use at the EGM is enclosed with the notice of the EGM. Whether or not you are able to attend (if you are so entitled to) the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's office at Floor 9, Gangao Tower, No.18 Zhengzhou Road, Heping District, Tianjin, the PRC (for holders of Domestic Shares), or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) not later than 24 hours before the time appointed for holding of the EGM (or where applicable, any adjournment thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed to ascertain the Shareholders who are entitled to attend and vote at the EGM from 15 March 2023 (Wednesday) to 20 March 2023 (Monday), both days inclusive, during which period no change to the register of members will be allowed and no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on 20 March 2023 (Monday) are entitled to attend the EGM and to vote thereat.

To be entitled to attend the EGM and to vote thereat, all transfer of H Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the transfer office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 14 March 2023 (Tuesday).

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the New Engineering Framework Agreement and the Procurement Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the EGM.

By order of the Board
Tianjin Jinran Public Utilities Company Limited
Chen Tao
Chairman of the Board

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

24 February 2023

To Independent Shareholders,

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
RENEWAL OF CONSTRUCTION TRANSACTION
AND
PROCUREMENT OF GAS METERS**

We refer to the circular (the “**Circular**”) of the Company dated 24 February 2023, of which this letter forms a part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to advise the Independent Shareholders on whether each of the New Engineering Framework Agreement, the Procurement Agreement and the respective transactions contemplated thereunder are fair and reasonable. Gram Capital has been appointed to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the *Letter from the Board* set out on pages 5 to 18 of the Circular and the *Letter from Gram Capital* (the “**IFA Letter**”) set out on pages 20 to 35 of the Circular.

Having considered the principal factors and reasons considered by, and the advice of Gram Capital set out in the IFA Letter, we are of the opinion that the terms of each of the New Engineering Framework Agreement and the Procurement Agreement, and the respective transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

Yours faithfully,

Mr. Zhang Ying Hua
*Independent non-executive
Director*

Mr. Yu Jian Jun
*Independent non-executive
Director*

Mr. Guo Jia Li
*Independent non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

24 February 2023

To: *The Independent Board Committee and the Independent Shareholders
of Tianjin Jinran Public Utilities Company Limited*

Dear Sir/Madam,

**(I) CONTINUING CONNECTED TRANSACTION IN RELATION TO
RENEWAL OF CONSTRUCTION TRANSACTION
AND
(II) CONTINUING CONNECTED TRANSACTION IN RELATION TO
PROCUREMENT OF GAS METERS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the transactions contemplated under the New Engineering Framework Agreement (the “**Construction Services**”); and (ii) the transactions contemplated under the Procurement Agreement (the “**Gas Meters Procurement Services**”, and together with the Construction Services, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 24 February 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Construction Services

On 18 January 2023, the Company and Jinran China Resources entered into the New Engineering Framework Agreement regarding the provision of construction and other services by Jinran China Resources and/or its associated companies to the Group for the Construction Contract Term.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Construction Services constitute continuing connected transaction of the Company and are subject to reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Gas Meters Procurement Services

On 13 February 2023, the Company and Tianjin Yumin entered into the Procurement Agreement pursuant to which Tianjin Yumin agreed to supply to the Company IoT gas meters for the Procurement Contract Term.

With reference to the Board Letter, the Gas Meters Procurement Services constitute continuing connected transaction of the Company and are subject to reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to (i) continuing connected transactions as set out in the Company's circular dated 15 March 2021; (ii) continuing connected transactions as set out in the Company's circular dated 9 June 2021; (iii) continuing connected transactions as set out in the Company's circular dated 5 July 2021; (iv) continuing connected transactions as set out in the Company's circular dated 7 October 2021; (v) continuing connected transactions as set out in the Company's circular dated 15 December 2021; and (vi) continuing connected transactions as set out in the Company's circular dated 8 December 2022. Other than the aforesaid engagements, Gram Capital had not provided any services to the Company during the past two years immediately preceding the Latest Practicable Date.

As the aforesaid engagements were independent financial adviser engagements, they do not affect our independence to act as the Independent Financial Adviser.

LETTER FROM GRAM CAPITAL

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Jinran China Resources, Tianjin Yumin or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take

LETTER FROM GRAM CAPITAL

into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, 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.

With reference to the Company's annual report for the year ended 31 December 2021 ("FY2021"), the Group's revenue was approximately RMB1.58 billion for FY2021. Revenue from the Group's sales of piped gas segment was approximately RMB1.51 billion for FY2021, represented approximately 95.72% of the Group's revenue for FY2021.

With reference to the Company's interim report for the six months ended 30 June 2022 (the "2022 Interim Report"), the Group's revenue was approximately RMB0.91 billion for the six months ended 30 June 2022. Revenue from the Group's sales of piped gas segment was approximately RMB0.89 billion for the six months ended 30 June 2022, represented approximately 97.80% of the Group's revenue for the six months ended 30 June 2022.

A. CONSTRUCTION SERVICES

Information on Jinran China Resources

With reference to the Board Letter, Jinran China Resources is a controlling shareholder 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. The principal businesses of Jinran China Resources include operation of gas pipeline

LETTER FROM GRAM CAPITAL

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.

Reasons for and benefits of the Construction Services

With reference to the Board Letter, the Group requires services such as construction and design services for its gas construction and engineering projects during its ordinary and usual course of business. The New Engineering Framework Agreement renews the subject matter under the Prior Engineering Framework Agreement which expired on 31 December 2022.

The Company considers that Jinran China Resources and/or its associated companies are specialised and experienced in construction projects through years of cooperation between the Group, Tianjin Energy, Jinan China Resources and its associated companies. Also, since both parties are familiar with each other's background, communication between parties would be faster and easier, risks and costs for transaction will also be reduced. Suppliers of individual project will be selected and determined through public tender procedures conducted in accordance with relevant PRC laws, rules and regulations, or the Group's internal procurement procedures to promote and ensure the fairness and reasonableness of the terms of each project. The entering into of the New Engineering Framework Agreement could provide flexibility to the Group to cooperate with Jinran China Resources and its associated companies and promote smooth operations if Jinran China Resources and/or its associated companies are awarded any Project through the procurement procedures.

We noted from the 2022 Interim Report that the Group's net carrying amount of pipeline reconstruction in progress increased from approximately RMB2.26 million as at 31 December 2021 to approximately RMB53.56 million as at 30 June 2022, which indicated increased demand for pipeline construction services.

Having considered the above and that the Group requires services such as construction and design services for its gas construction and engineering projects during its ordinary and usual course of business, we consider that the Construction Services are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the Construction Services

Set out below are the principal terms of the Construction Services under the New Engineering Framework Agreement, details of which are set out under the section headed “THE NEW ENGINEERING FRAMEWORK AGREEMENT” of the Board Letter:

- Agreement date:** 18 January 2023
- Parties:** (i) The Company; and
(ii) Jinran China Resources
- Subject matter:** During the Construction Contract Term, Jinran China Resources and/or its associated companies will undertake the Group’s gas pipeline projects, supporting facilities construction projects, indoor gas meters installation projects, other outdoor and indoor gas facilities construction, renovation and renewal construction projects, and provide services such as inspection, design, supervision, entrusted procurement, entrusted installation, construction, drafting of completion reports and provision of maintenance services during the quality maintenance period.
- Pricing policy:** The transactions contemplated under the New Engineering 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.

With reference to the Board Letter, in order to ensure that the terms of services provided by Jinran China Resources and/or its associated companies are no less favourable than those provided by independent third parties, the Company has adopted the measures (the “**IC Measures**”) as set out in the section headed “INTERNAL CONTROL AND PRICING POLICY” of the Board Letter.

LETTER FROM GRAM CAPITAL

Under the IC Measures, the selection of the supplier of individual Project will be determined (a) through public tender if so required by the relevant PRC laws, rules and regulations, and such public tender will be conducted according to relevant guidelines and standards prescribed by the government authorities, including the Measures in relation to Pricing of Construction Projects of Tianjin Municipality (《天津市建設工程計價辦法》) issued by the Tianjin Urban-Rural Development Committee (天津市城鄉建設委員會) and the Code of Bills of Quantities and Valuation for Construction Works (《建設工程工程量清單計價規範》) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房及城鄉建設部); or (b) if a public tender is not required, through the Group's internal procurement procedures, which will be conducted by reference to tender procedures with not less than three participating suppliers (including Jinran China Resources, if applicable).

For our due diligence purpose, we requested and the Company provided us with a list of the projects conducted under the Prior Engineering Framework Agreement for the three years ended 31 December 2022. We randomly selected one project for each of the three years ended 31 December 2022 from the list and, in respect of each selected project, the Company provided us a set of tender documents and executed contract which demonstrated that connected person was selected to provide the Construction Services under a tender procedure.

In addition, with reference to the Company's annual report for FY2021 and as confirmed by the Directors, the independent non-executive Directors have reviewed the Company's continuing connected transactions (including the Construction Services) for FY2021, and confirmed that such transactions were conducted (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better terms, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms or better terms, on terms no less favourable than terms available to or from independent third parties; (iii) in accordance with relevant agreements governing such transactions; and (iv) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Company's auditors have also confirmed in writing to the Board (copied to the Stock Exchange) in respect of the Company's continuing connected transactions (including the Construction Services) for FY2021, amongst others, that: (i) nothing had come to their attention that causes them to believe that the continuing connected transactions had not been approved by the Company's Board; (ii) nothing had come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) with respect to the aggregate amount of each of the continuing connected transactions, nothing had come to their attention that causes them to believe that the continuing connected transactions had exceed the annual cap as set by the Company.

LETTER FROM GRAM CAPITAL

The Proposed Construction Caps

Set out below are (i) the previous annual caps (the “**Previous Construction Cap(s)**”) and actual transaction amounts in respect of the Construction Services for the three years ended 31 December 2022; and (ii) the proposed annual caps in respect of the Construction Services (the “**Proposed Construction Cap(s)**”) for the three years ending 31 December 2025:

	For the year ended 31 December 2020 (“FY2020”) RMB’million (approximate)	For the year ended 31 December 2021 RMB’million (approximate)	For the year ended 31 December 2022 (“FY2022”) RMB’million (approximate)
Actual transaction amount	19	27	32 <i>(Note)</i>
	<i>RMB’million</i>	<i>RMB’million</i>	<i>RMB’million</i>
Previous Construction Cap	30	30	51.78
	<i>% (approximate)</i>	<i>% (approximate)</i>	<i>% (approximate)</i>
Utilization rate	63	90	62
	For the year ending 31 December 2023 (“FY2023”) RMB’million	For the year ending 31 December 2024 (“FY2024”) RMB’million	For the year ending 31 December 2025 (“FY2025”) RMB’million
Proposed Construction Cap	141	124	77

Note: The figure was unaudited preliminary figure, subject to final audit

As depicted from the above table, utilisation rate of the Previous Construction Cap for FY2021 reached approximately 90%. Nevertheless, the utilisation rate of the Previous Construction Cap for FY2022 was only approximately 62%. Upon our enquiry, the Directors advised us the lower utilisation rate of the Previous Construction Cap for FY2022 was mainly due to that certain contracts for planned Projects for FY2022 were not executed according to the time schedule as planned.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Group has been undergoing the Renewal Project which involves the Group upgrading indoor gas equipment and facilities used in distribution of piped gas, and renewing and renovating the Group's existing pipe network. Since the commencement of the Renewal Project in FY2022, the Group demand for construction and related services has intensified. The Group reviewed and subsequently revised the Previous Construction Cap for FY2022 in light of the impact of the Renewal Project. The Renewal Project is expected to continue through the Construction Contract Term, with major work to be committed and settled in FY2023 and FY2024. As a result, the Group requires relatively higher Proposed Construction Caps for these two years to accommodate the anticipated increase in demand. With the Renewal Project proceeding to completion in FY2025, it is expected that the demand for the Construction Services will decrease, as reflected in a lower Proposed Construction Cap for FY2025. The Proposed Construction Caps were calculated with reference to (i) historical transaction amounts; (ii) construction, design, upgrade and alteration projects proposed to be carried out by the Group during the Construction Contract Term; (iii) the Group's ongoing Renewal Project and the demand for construction and other related services associated with the Renewal Project, and the timetable and anticipated progress of the Renewal Project; (iv) the expected number of Projects which could possibly be awarded to Jinran China Resources and/or its associated companies taking into account the relevant certifications of Jinran China Resources and/or its associated companies; and (v) market prices of similar services.

For our due diligence purpose, we obtained the calculation of the Proposed Construction Caps (the "**Construction Caps Calculation**") from the Company and noted that the Proposed Construction Cap for each of the three years ending 31 December 2025 were set based on the sum of (i) estimated pipeline construction projects amount; (ii) estimated indoor gas meters installation projects amount; (iii) estimated supporting facilities construction projects amount; (iv) estimated renovation and renewal construction projects amount; and (v) estimated provision of maintenance services amount, for each year.

(i) Estimated pipeline construction projects amount

According to the Construction Caps Calculation, the Company expects (i) outstanding amount of construction contracts of approximately RMB12.60 million to be settled in FY2023 (in this regard, the Company provided breakdown of such amount and copies of relevant executed contracts); and (ii) potential transaction amount of approximately RMB9.16 million for pipeline construction projects to be conducted and settled in FY2023 (in this regard, the Company provided us supporting documents such as investment registration form and copies of relevant historical contracts to which the Company made reference). Accordingly, the estimated pipeline construction projects amount (the "**Estimated Pipeline Construction Projects Amount**") for FY2023 is approximately RMB21.76 million.

LETTER FROM GRAM CAPITAL

According to the Construction Caps Calculation, the Company expects the aforesaid potential transaction amount of approximately RMB9.16 million for FY2023 to be recurring for FY2024 and FY2025. Accordingly, the Estimated Pipeline Construction Projects Amount for each of FY2024 and FY2025 is approximately RMB9.16 million.

(ii) Estimated indoor gas meters installation projects amount

According to the Construction Caps Calculation, the estimated indoor gas meters installation projects amount (the “**Estimated Indoor Gas Meters Installation Projects Amount**”) for each of the three years ending 31 December 2025 is RMB4.85 million. As advised by the Directors, such amount for FY2022 was RMB4.85 million at maximum according to an executed contract. The Company expects such amount to be recurring for each of the three years ending 31 December 2025.

(iii) Estimated supporting facilities construction projects amount

According to the Construction Caps Calculation, the estimated supporting facilities construction projects amount (the “**Estimated Supporting Facilities Construction Projects Amount**”) for each of the three years ending 31 December 2025 is RMB7.70 million. As advised by the Directors, such amount for FY2022 was RMB9.05 million according to executed contracts. The Company expects such amount to be recurring with certain reduction for each of the three years ending 31 December 2025.

(iv) Estimated renovation and renewal construction projects amount

According to the Construction Caps Calculation, the estimated renovation and renewal construction projects amount (the “**Estimated Renovation and Renewal Construction Projects Amount**”) are approximately RMB93.26 million for FY2023, approximately RMB89.46 million for FY2024 and approximately RMB41.89 million for FY2025. In this respect, the Company provided us with breakdown of the aforesaid amounts and relevant internal plan and budgeting.

(v) Estimated provision of maintenance construction services amount

According to the Construction Caps Calculation, the estimated maintenance construction services amount (the “**Estimated Maintenance Construction Services Amount**”) for each of the three years ending 31 December 2025 was RMB12.90 million. In this respect, the Company provided us with breakdown of the aforesaid amount and relevant internal budgeting.

LETTER FROM GRAM CAPITAL

(vi) Aggregation

For FY2023, the sum of (i) Estimated Pipeline Construction Projects Amount of approximately RMB21.76 million; (ii) Estimated Indoor Gas Meters Installation Projects Amount of RMB4.85 million; (iii) Estimated Supporting Facilities Construction Projects Amount of RMB7.70 million; (iv) Estimated Renovation and Renewal Construction Projects Amount of approximately of RMB93.26 million; and (v) Estimated Maintenance Construction Services Amount of RMB12.90 million, is approximately RMB140.47 million. The Proposed Construction Cap for FY2023 was set at RMB141 million after rounding.

For FY2024, the sum of (i) Estimated Pipeline Construction Projects Amount of approximately RMB9.16 million; (ii) Estimated Indoor Gas Meters Installation Projects Amount of RMB4.85 million; (iii) Estimated Supporting Facilities Construction Projects Amount of RMB7.70 million; (iv) Estimated Renovation and Renewal Construction Projects Amount of approximately of RMB89.46 million; and (v) Estimated Maintenance Construction Services Amount of RMB12.90 million, is approximately RMB124.07 million. The Proposed Construction Cap for FY2024 was set at RMB124 million after rounding.

For FY2025, the sum of (i) Estimated Pipeline Construction Projects Amount of approximately RMB9.16 million; (ii) Estimated Indoor Gas Meters Installation Projects Amount of RMB4.85 million; (iii) Estimated Supporting Facilities Construction Projects Amount of RMB7.70 million; (iv) Estimated Renovation and Renewal Construction Projects Amount of approximately of RMB41.89 million; and (v) Estimated Maintenance Construction Services Amount of RMB12.90 million, is approximately RMB76.50 million. The Proposed Construction Cap for FY2025 was set at RMB77 million after rounding.

Having taken into account the above, we consider the Proposed Construction Caps for the three years ending 31 December 2025 to be fair and reasonable.

Shareholders should note that as the Proposed Construction Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of cost to be incurred under the Construction Services. Consequently, we express no opinion as to how closely the actual cost to be incurred under the Construction Services will correspond with the Proposed Construction Caps.

Having considered the pricing of the Construction Services and the Proposed Construction Caps as aforementioned, we are of the view that the terms of the Construction Services under the New Engineering Framework Agreement are on normal commercial terms and are fair and reasonable.

LETTER FROM GRAM CAPITAL

B. GAS METERS PROCUREMENT SERVICES

Information on Tianjin Yumin

With reference to the Board Letter, 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 Latest Practicable Date, Tianjin Yumin was owned as to 51% by Jinran China Resources (a controlling shareholder of the Company), and as to 49% by SFHYX (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 enquiries). Tianjin Yumin is a connected person of the Company.

Reasons for and benefits of the Gas Meters Procurement Services

With reference to the Board Letter, gas meters are required in the Group's operation in its ordinary course of business of selling and distributing piped gas. In particular, the Group is implementing the Renewal Project to renew and renovate gas facilities for resident users in Hexi, Jinnan and Xiqing districts in Tianjin. The Renewal Project is expected to be completed by FY2025. Additional new gas meters are necessary for the three years ending 31 December 2025 for the Renewal Project. 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 bidders' 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.

Having considered the above and that the Group requires the Gas Meters Procurement Services during its ordinary and usual course of business, we consider that the Gas Meters Procurement Services are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the Gas Meters Procurement Services

Set out below are the principal terms of the Gas Meters Procurement Services under the Procurement Agreement, details of which are set out under the section headed “THE PROCUREMENT AGREEMENT” of the Board Letter:

Agreement date:	13 February 2023
Parties:	(i) The Company; and (ii) Tianjin Yumin
Subject matter:	Pursuant to the Procurement Agreement, Tianjin Yumin agreed to supply to the Company upon the Company’s request, gas meters during the Procurement Contract Term
Purchase price:	The unit prices (tax inclusive) are RMB321 for Ordinary IoT gas meters (type G4 and below) and RMB351 for IoT gas meters with safety functions (type G4 and below). The actual purchase price shall be calculated based on the actual quantity of gas meters inspected and received. The parties will enter into separate settlement contract(s) based on the actual quantity inspected. The purchase price is expected to be settled at the end of each interim period, payment should be arranged pursuant to such settlement contracts.

With reference to the Board Letter, the selection of the supplier by the Company and the unit prices of the gas meters were determined through tender with more than three bidders (including Tianjin Yumin) having participated. When selecting the successful bidder, factors such as the bidding price, the bidders’ professional qualifications, experience and reputation in the industry have been taken into consideration. For our due diligence purpose, we requested and the Company provided us with a set of tender documents which demonstrated the execution of the above tendering process.

LETTER FROM GRAM CAPITAL

The Gas Meters Caps

Set out below are the Procurement Annual Caps for the three years ending 31 December 2025:

	For the year ending 31 December 2023 RMB'million	For the year ending 31 December 2024 RMB'million	For the year ending 31 December 2025 RMB'million
Procurement Annual Caps	22	2.048	2

With reference to the Board Letter, the transaction amount for purchase of gas meters by the Group from Tianjin Yumin was approximately RMB5.01 million for FY2021 and approximately RMB4.53 million (unaudited preliminary figure, subject to final audit) for FY2022. As the Group is implementing the Renewal Project, the Group expected that it will have a substantially larger demand for gas meters in 2023. To accommodate such demand, the Procurement Annual Cap for FY2023 will be substantially higher, when compared with the actual transaction amount in previous years (which reflect the Group's requirements for gas meters applied mainly for maintenance, replacement and new installation in its regular operations). With the Renewal Project further progressing to completion in FY2025, demand for gas meters to be applied in the Renewal Project is expected to slow down, as reflected by the relatively lower Procurement Annual Caps for FY2024 and FY2025.

For our due diligence purpose, we obtained calculation of the Procurement Annual Caps from the Company and noted that the Procurement Annual Caps for each of the three years ending 31 December 2025 were set based on the sum of (i) quantity times unit price of ordinary IoT gas meters (type G4 and below) to be purchased; and (ii) quantity times unit price of IoT gas meters with safety functions (type G4 and below).

As aforementioned, the unit prices of the gas meters were determined through a tender process. As advised by the Directors, the quantity of gas meters to be purchased were determined based on the Group's business plan regarding the Renewal Project.

Having taken into account the above, we consider the Procurement Annual Caps for the three years ending 31 December 2025 to be fair and reasonable.

LETTER FROM GRAM CAPITAL

Shareholders should note that as the Procurement Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of cost to be incurred under the Gas Meters Procurement Services. Consequently, we express no opinion as to how closely the actual cost to be incurred under the Gas Meters Procurement Services will correspond with the Procurement Annual Caps.

Having considered the pricing of the Gas Meters Procurement Services and the Procurement Annual Caps as aforementioned, we are of the view that the terms of the Gas Meters Procurement Services under the Procurement Agreement are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATION

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by their respective annual caps; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and (iii) have exceeded their respective annual caps. In the event that the total amounts of the Transactions are anticipated to exceed their respective annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and supervisors' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors, supervisors (the “**Supervisors**”) and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) are as follows:

Long position in Domestic Shares

Name of Director/Supervisor	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/Domestic Shares
Tang Jie	Beneficial owner	41,700,000	2.27%/3.11%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

(b) Substantial shareholders and other persons

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the interest of the persons (other than Directors, Supervisors or chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

(i) Substantial shareholders*Long position in Domestic Shares*

Name of Shareholder	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/ Domestic Shares
Jinran China Resources	Beneficial owner	1,297,547,800	70.54%/96.89%
Tianjin Gas (note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin Energy (note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin State-owned Capital Investment Management Co., Ltd. (“ Tianjin Capital ”) (note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
中國建設銀行股份有限公司天津市分行 (China Construction Bank Corporation (Tianjin Branch)) (“ CCB Tianjin ”) (note 2)	Other	1,297,547,800	70.54%/96.89%

Notes:

- As of the Latest Practicable Date, Jinran China Resources held 1,297,547,800 Domestic Shares. Jinran China Resources is owned as to 51% and 49% by Tianjin Gas and China Resources Gas (Hong Kong) Investment Limited, respectively. Tianjin Energy is the intermediary holding company of Tianjin Gas. Tianjin Capital is the intermediary holding company of Tianjin Energy. Therefore they are deemed, or taken to be interested in all the Domestic Shares held by Jinran China Resources for the purpose of the SFO.
- On 6 May 2020, Tianjin Capital has charged 100% equity interest in Tianjin Energy to CCB Tianjin. Therefore CCB Tianjin is taken to be interested in all the Domestic Shares Jinran China Resources is interested in for the purpose of the SFO.

*(ii) Other persons**Long position in H Shares*

Name of Shareholder	Capacity	Number of H Shares interested	Approximate percentage of interests in the Company/H Shares
Liu Hei Wan	Interests held jointly with another person <i>(note 1)</i>	14,500,000	0.79%/2.90%
	Interest of a controlled corporation <i>(note 2)</i>	30,000,000	1.63%/6.00%
Law Suet Yi	Interests held jointly with another person <i>(note 1)</i>	14,500,000	0.79%/2.90%
	Interest of spouse <i>(note 3)</i>	30,000,000	1.63%/6.00%
The Waterfront Development Group Limited	Beneficial owner <i>(note 2)</i>	30,000,000	1.63%/6.00%

Notes:

Based on the information publicly available to the Company:

- As of the Latest Practicable Date, Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held 14,500,000 H Shares.
- The Waterfront Development Group Limited is wholly-owned by Mr. Liu Hei Wan and thus a controlled corporation by Mr. Liu Hei Wan. Therefore, Mr. Liu Hei Wan is deemed, or taken to be, interested in the H Shares held by The Waterfront Development Group Limited for the purpose of the SFO.
- Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the Shares in which Mr. Liu Hei Wan is interested in the purpose of SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors have not received notification from any person (not being a Director, Supervisor or chief executive of the Company) of his/her/its interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

3. DIRECTORS AND SUPERVISORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. COMPETING INTERESTS

Each of the Directors has confirmed that he/she and his/her respective close associates (as defined under the Listing Rules) do not have any interest in a business which competes or may compete with the business of the Group. Based on the above, as at the Latest Practicable Date, none of the Directors was considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Board or the Company to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor Supervisors had a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. EXPERT

The following are the qualifications of the expert who has given the Company an opinion or provided advice referred to or contained in this circular:

Name	Qualifications
Gram Capital	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has confirmed that it (i) had no beneficial interest in the share capital of any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as of the Latest Practicable Date; (ii) had no direct or indirect interest in any assets which has been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group as of the Latest Practicable Date.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and/or its opinion or letter included in this circular in the form and context in which they are included.

8. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the Directors or Supervisors was interested in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up.
- (b) As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Company or its subsidiaries since 31 December 2021.

9. DOCUMENTS ON DISPLAY

Copies of the New Engineering Framework Agreement and the Procurement Agreement will be available on display on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.jinrangongyong.com) during a period of 14 days from the date of this circular.

NOTICE OF EGM



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tianjin Jinran Public Utilities Company Limited (the “**Company**”) will be held at 2:00 p.m. on 20 March 2023 (Monday) at Floor 9, Gangao Tower, No. 18 Zhengzhou Road, Heping District, Tianjin, the People's Republic of China for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the engineering works framework agreement dated 18 January 2023 (the “**New Engineering Framework Agreement**”, a copy of which is produced before the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) entered into between the Company and 津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (a “**Director**”) be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents under hand (and, where required, under the seal of the Company together with such other Director or person authorised by the board of Directors) and to take such steps as he/she or they may consider necessary, appropriate, desirable or expedient to implement or give effect to the New Engineering Framework Agreement and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

2. “**THAT:**

- (a) the procurement contract dated 13 February 2023 (the “**Procurement Agreement**”, a copy of which is produced before the meeting marked “B” and initialed by the chairman of the meeting for the purpose of identification) entered into between the Company and 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) any one Director be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents under hand (and, where required, under the seal of the Company together with such other Director or person authorised by the board of Directors) and to take such steps as he/she or they may consider necessary, appropriate, desirable or expedient to implement or give effect to the Procurement Agreement and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

By order of the Board
Tianjin Jinran Public Utilities Company Limited
Chen Tao
Chairman of the Board

Tianjin, PRC, 24 February 2023

Notes:

- (a) The register of members of the Company will be closed to ascertain the shareholders of the Company who are entitled to attend and vote at the EGM from 15 March 2023 (Wednesday) to 20 March 2023 (Monday), both days inclusive, during which period no change to the register of members will be allowed and no transfer of shares will be registered. Shareholders of the Company whose names appear on the register of members of the Company on 20 March 2023 (Monday) are entitled to attend the EGM and to vote thereat.

To be entitled to attend the EGM and to vote thereat, all transfer of H shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the transfer office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 14 March 2023 (Tuesday).

- (b) Voting at the EGM shall be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
- (c) Shareholders of the Company entitled to attend and vote at the EGM are entitled to appoint a proxy to attend and vote on their behalf in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company. A shareholder holding two or more shares may appoint more than one proxy.
- (d) To be valid, the proxy form for the use of shareholders and, if such proxy form is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority must be delivered to the office of the Company at Floor 9, Gangao Tower, No. 18 Zhengzhou Road, Heping District, Tianjin, PRC (for holders of domestic shares), or to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) not later than 24 hours before the time appointed for holding of the EGM (or where applicable, any adjournment thereof).

NOTICE OF EGM

- (e) Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (f) Shareholders of the Company and proxies attending the EGM shall be responsible for their own transportation and accommodation expenses.
- (g) Subject to the development of COVID-19, the Company may implement further changes and precautionary measures as appropriate.

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.