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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)

**SUPPLEMENTAL AGREEMENT TO
THE 2020 GAS SUPPLY CONTRACT AND 2021 GAS SUPPLY CONTRACT**

Reference is made to the announcement of the Company dated 11 November 2019 and the circular of the Company dated 11 December 2019 concerning the continuing connected transaction of the Company in relation to the Gas Supply contemplated under the 2020 Gas Supply Contract entered into between Jinran China Resources and the Company, and the announcement of the Company dated 9 February 2021 and the circular of the Company dated 15 March 2021 concerning the continuing connected transaction of the Company in relation to the Gas Supply contemplated under the 2021 Gas Supply Contract entered into between Jinran China Resources and the Company.

On 15 April 2021, the Company and Jinran China Resources entered into the Supplemental Agreement, pursuant to which the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price in relation to the natural gas supplied by Jinran China Resources to the Company as processed and measured by the pressure reducing station on Lishuang Road of Tianjin city operated by the Company from 1 November 2020 to 31 March 2021 will be determined otherwise than provided under the 2020 Gas Supply Contract and 2021 Gas Supply Contract.

LISTING RULES IMPLICATION

Supplemental Agreement

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap for the 2020 Gas Supply Contract and 2021 Gas Supply Contract exceeded 5%, the 2020 Gas Supply Contract and 2021 Gas Supply Contract were subject to, inter alia, the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and shareholders' approval requirements before it proposes to effect a material change to its terms, accordingly, the Supplemental Agreement, which serves to amend the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price, is subject to the Independent Shareholders' approval and announcement requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Jinran China Resources is held as to 51% by Tianjin Gas, which is the controlling shareholder of the Company, holding approximately 70.54% of the issued shares of the Company. Jinran China Resources is hence a connected person of the Company.

The Company has appointed Gram Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Agreement.

A circular containing, inter alia, (i) details of the Supplemental Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from Gram Capital Limited to the Independent Board Committee and Independent Shareholders in relation to the Supplemental Agreement; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 6 May 2021. Tianjin Gas and its associates will abstain from voting in connection with the Supplemental Agreement at the aforesaid EGM.

Reference is made to the announcement of the Company dated 11 November 2019 and the circular of the Company dated 11 December 2019 concerning the continuing connected transaction of the Company in relation to the Gas Supply contemplated under the 2020 Gas Supply Contract entered into between Jinran China Resources and the Company, and the announcement of the Company dated 9 February 2021 and the circular of the Company dated 15 March 2021 concerning the continuing connected transaction of the Company in relation to the Gas Supply contemplated under the 2021 Gas Supply Contract entered into between Jinran China Resources and the Company.

On 15 April 2021, the Company and Jinran China Resources entered into the Supplemental Agreement, pursuant to which the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price in relation to the natural gas supplied by Jinran China Resources to the Company as processed and measured by the pressure reducing station on Lishuang Road of Tianjin city operated by the Company from 1 November 2020 to 31 March 2021 will be determined otherwise than provided under the 2020 Gas Supply Contract and 2021 Gas Supply Contract.

The Supplemental Agreement shall take effect upon Independent Shareholders' approval.

(1) SUPPLEMENTAL AGREEMENT

Date of entering into the Supplemental Agreement

15 April 2021

Contracting parties

Supplier : Jinran China Resources

Purchaser : The Company

As at the date of this announcement, Jinran China Resources is owned as to 51% by Tianjin Gas, which is the controlling shareholder of the Company, holding approximately 70.54% of the issued shares of the Company.

Major terms of the Supplemental Agreement

The Parties agreed in the Supplemental Agreement that, notwithstanding the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price determined respectively by the 2020 Gas Supply Contract and 2021 Gas Supply Contract, the natural gas supplied by Jinran China Resources to the Company as processed and measured by the pressure reducing station on Lishuang Road of Tianjin city operated by the Company from 1 November 2020 to 31 March 2021 should be priced at RMB2.625 per cubic metre.

Condition Precedents

The Supplemental Agreement shall be effective upon Independent Shareholders' approval.

Reasons for and benefits of entering the Supplemental Agreement

In 2020, the Company discovered a new consumer base in Xiqing district of Tianjin and has been supplying natural gas to new consumers in the district via the pressure reducing station on Lishuang Road in Tianjin. To maintain or increase the pricing competitiveness of the natural gas marketed by the Company to such new consumers, thereby encouraging the continuous usage of natural gas to be supplied by the Company and increasing the amount of natural gas to be sourced by the Company from Jinran China Resources, the Parties agreed to stipulate a more competitive gas price for natural gas provided to the consumers in the district for heating purpose during the winter months from 1 November 2020 to 31 March 2021.

As the pressure reducing station on Lishuang Road of Tianjin city operated by the Company is mostly responsible for processing the natural gas being used for heating purpose in Xiqing district of Tianjin, the Parties formed the consensus that the amount of natural gas processed and measured by such pressure reducing station on Lishuang Road should be a reliable and convenient measurement of the amount of natural gas that is increased by said discovery of the new consumer base.

Being the simple average of the sourcing cost of Jinran China Resources and the selling price of the Company for the natural gas processed and measured by the pressure reducing station on Lishuang Road of Tianjin city, the Parties agreed in the Supplemental Agreement that the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price for natural gas supplied to the Company by Jinran China Resources and so processed and measured from 1 November 2020 to 31 March 2021 shall be RMB2.625 per cubic metre.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of Gram Capital Limited) consider that the Supplemental Agreement and the discount to the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price for the natural gas concerned thereunder are in the usual and ordinary course of business of the Group after arm's length negotiations between the Company and Jinran China Resources and the terms of the Supplemental Agreement are normal commercial terms or better which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Group's principal activities are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas in the PRC.

INFORMATION ABOUT JINRAN CHINA RESOURCES

Jinran China Resources is held by Tianjin Gas (a controlling shareholder of the Company) and China Resources Gas Group Limited (a company listed on the main board of the Stock Exchange, Stock Code: 1193) as to 51% and 49%, respectively, and is the sole wholesale supplier of natural gas in the Tianjin City and part of the rural areas of Tianjin. The principal business of Jinran China Resources comprise operation of gas pipeline infrastructure, supply of natural gas to other gas supply operators in the Tianjin area, the sales and distribution of piped gas to end users and the sale of gas appliances and equipment in connection with gas supply in certain areas in Tianjin.

The ultimate beneficial owner of Tianjin Gas is the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government, a special commission directly under the Tianjin Municipal People's Government.

LISTING RULES IMPLICATION

Supplemental Agreement

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap for the 2020 Gas Supply Contract and 2021 Gas Supply Contract exceeded 5%, the 2020 Gas Supply Contract and 2021 Gas Supply Contract were subject to, inter alia, the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and shareholders' approval requirements before it proposes to effect a material change to its terms, accordingly, the Supplemental Agreement, which serves to amend the 2020 Gas Sourcing Price and 2021 Gas Sourcing Price, is subject to the Independent Shareholders' approval and announcement requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Jinran China Resources is held as to 51% by Tianjin Gas, which is the controlling shareholder of the Company, holding approximately 70.54% of the issued shares of the Company. Jinran China Resources is hence a connected person of the Company.

A circular containing, inter alia, (i) details of the Supplemental Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from Gram Capital Limited to the Independent Board Committee and Independent Shareholders in relation to the Supplemental Agreement; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 6 May 2021. Tianjin Gas and its associates will abstain from voting in connection with the Supplemental Agreement at the aforesaid EGM.

The Company has appointed Gram Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Agreement.

As: (i) Mr. Hou Shuang Jiang, a non-executive Director, is a director of 天津能源集團財務有限公司 (Tianjin Energy Group Finance Co., Limited*), an indirect non wholly-owned subsidiary of 天津能源投資集團有限公司 (Tianjin Energy Investment Company Limited*), which owns the entire equity interest in Tianjin Gas and is a connected person of the Company; and (ii) Mr. Zhao Heng Hai, a non-executive Director, is a director of Jinran China Resources, both of them have abstained from voting on the resolutions in relation to the approval of the Supplemental Agreement proposed to the Board. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in the Supplemental Agreement.

DEFINITIONS

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

“2020 Gas Sourcing Price”	the monthly price per cubic metre at which the Company sources its natural gas from Jinran China Resources for the year ended 31 December 2020
“2020 Gas Supply Contract”	the gas supply contract dated 11 November 2019 and entered into between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company for the year ended 31 December 2020
“2021 Gas Sourcing Price”	the monthly price per cubic metre at which the Company sources its natural gas from Jinran China Resources for the year ended 31 December 2021
“2021 Gas Supply Contract”	the conditional gas supply contract dated 9 February 2021 and entered into between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company for the year ending 31 December 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	天津津燃公用事業股份有限公司 (Tianjin Jinran Public Utilities Company Limited), a joint stock limited company incorporated in the PRC, whose H shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“EGM”	the extraordinary general meeting to be convened for the purpose of considering, and if thought fit, passing ordinary resolutions regarding, among others, the 2021 Gas Supply Contract and the Supplemental Agreement
“Gas Supply”	the supply of natural gas by Jinran China Resources to the Company
“Group”	the Company and its subsidiaries

“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
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution(s) approving the 2021 Gas Supply Contract and the Supplemental Agreement
“Independent Third Party(ies)”	third party(ies) who are independent of and are not connected with the Company and its connected persons
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms or better”	has the meaning ascribed to it in the Listing Rules
“Parties”	collectively, Jinran China Resources and the Company
“PRC”	The People’s Republic of China and for the purpose of this announcement, does not include the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	The conditional supplemental agreement dated 15 April 2021 and entered into between the Company and Jinran China Resources in respect of the reduction of the portion of 2020 Gas Sourcing Price and 2021 Gas Sourcing Price in relation to the natural gas measured by the pressure reducing station on Lishuang Road of Tianjin city operated by the Company 1 November 2020 and 31 March 2021
“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

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

Tianjin, the PRC, 15 April 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Wei (Chairman), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors, namely Mr. Hou Shuang Jiang, Mr. Zhao Heng Hai and Mr. Zhang Jinlin, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.

* For identification purpose only