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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
IN RELATION TO GAS SUPPLY**

Reference is made to the Gas Supply Announcement and the Supplemental Announcements concerning the continuing connected transaction of the Company in relation to the Gas Supply contemplated under the Existing Gas Supply Contract (as supplemented and amended by the Gas Supply Supplemental Agreement) entered into between Jinran Gas and the Company.

As the Existing Gas Supply Contract expired on 31 December 2017, the Company and Jinran Gas entered into the New Gas Supply Contract for the period from 1 January 2018 to 31 December 2018 on 20 September 2018.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jinran Gas 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 Gas is hence a connected person of the Company, and the entering into of the New Gas Supply Contract between Jinran Gas and the Company constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap for the New Gas Supply Contract for the year ending 31 December 2018 exceed 5%, the New Gas Supply Contract is subject to, inter alia, the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Continuation of Gas Supply (together with the relevant annual cap) contemplated under the New Gas Supply Contract.

A circular containing, inter alia, (i) further details of the Continuation of Gas Supply and the New Gas Supply Contract, (ii) the advice from the Independent Board Committee to the Independent Shareholder; (iii) the advice from the independent financial adviser of the Company to the Independent Board Committee and Independent Shareholders in relation to the Continuation of Gas Supply and the New Gas Supply Contract; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 15 October 2018. Tianjin Gas and its associates will abstain from voting in connection with the New Gas Supply Contract at the aforesaid EGM.

Reference is made to the Gas Supply Announcement and the Supplemental Announcements concerning the Gas Supply contemplated under the Existing Gas Supply Contract (as supplemented and amended by the Gas Supply Supplemental Agreement) entered into by the Company and Jinran Gas.

Background of the Continuation of Gas Supply and the New Gas Supply Contract

The Existing Gas Supply Contract expired on 31 December 2017. On 17 April 2018, the Company entered into a Settlement Agreement with Jinran Gas, agreeing to pay Jinran Gas for the gas sourcing costs incurred and to be incurred by the Company from January to March 2018 and from April to June 2018, respectively.

After arm's length negotiation between the parties, the Company and Jinran Gas eventually reached an agreement on the complete pricing terms on the New Gas Supply Contract for the Continuation of Gas Supply. On 20 September 2018, the Company and Jinran Gas entered into the New Gas Supply Contract for the period from 1 January 2018 to 31 December 2018.

The New Gas Supply Contract shall take effect upon the Independent Shareholders' approval in the EGM and shall have retrospective effect on the Continuation of Gas Supply occurred from 1 January 2018.

CONTINUATION OF GAS SUPPLY AND NEW GAS SUPPLY CONTRACT

Date of entering into the New Gas Supply Contract

20 September 2018

Contracting parties

Supplier : Jinran Gas

Purchaser : The Company

As at the date of this announcement, Jinran Gas 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 New Gas Supply Contract

Condition Precedents

The New Gas Supply Contract shall be effective upon the Independent Shareholders' approval on the Continuation of Gas Supply in the EGM.

Pricing Policy

Pursuant to the New Gas Supply Contract, Jinran Gas has agreed to supply to the Company and the Company has agreed to purchase from Jinran Gas natural gas at the Gas Sourcing Price as follows (the "**Pricing Mechanism**"):

1. The Gas Sourcing Price for the period from January 2018 to March 2018 (the "**1st Period**"):

Gas Sourcing Price for the 1st Period = RMB2.43 (tax inclusive).

2. The Gas Sourcing Price for the period from April 2018 to July 2018 (the "**2nd Period**") will be adjusted based on the Gas Sourcing Price for the 1st Period in the following manner:

Adjustment needed for the Gas Sourcing Price for the 2nd Period = (the Gas Purchase Price attributed to Residential Users for the 2nd Period – the Gas Purchase Price attributed to Residential Users for the 1st Period) x Residential Gas Ratio + (the Gas Purchase Price attributed to Non-residential Users for the 2nd Period – the Gas Purchase Price attributed to Non-residential Users for the 1st Period) x Non-residential Gas Ratio

Residential Gas Ratio = The amount of gas being classified as for Residential Users and supplied by the Company to its downstream customers, divided by the total amount of gas being supplied by the Company to its downstream customers in the 2nd Period

Non-residential Gas Ratio = The amount of gas being classified as for Non-residential Users and supplied by the Company to its downstream customers, divided by the total amount of gas being supplied by the Company to its downstream customers in the 2nd Period

3. The Gas Sourcing Price for Contractual Amount for the period from August 2018 to December 2018 (the “**3rd Period**”) will be adjusted based on the Gas Sourcing Price for the 2nd Period in the following manner:

(i) Adjustment needed for the Gas Sourcing Price for Contractual Amount for the 3rd Period = (the Gas Purchase Price for Contractual Amount attributed to Residential Users for the 3rd Period – the Gas Purchase Price for Contractual Amount attributed to Residential Users for the 2nd Period) x Residential Gas Ratio of the Contractual Amount + (the Gas Purchase Price for Contractual Amount attributed to Non-Residential Users for the 3rd Period – the Gas Purchase Price for Contractual Amount attributed to Non-Residential Users for the 2nd Period) x Non-residential Gas Ratio of the Contractual Amount

Residential Gas Ratio of the Contractual Amount = The Contractual Amount of gas being classified as for Residential Users and supplied by the Company to its downstream customers, divided by the total Contractual Amount of gas being supplied by the Company to its downstream customers at the material time

Non-residential Gas Ratio of the Contractual Amount = The Contractual Amount of gas being classified as for Non-Residential Users and supplied by the Company to its downstream customers, divided by the total Contractual Amount of gas being supplied by the Company to its downstream customers at the material time

Contractual Amount = The amount of gas actually supplied to the Company by Jinran Gas in the relevant month in 2017, times the total amount of gas supplied to Jinran Gas by its contractual source in the corresponding month of the year 2018 divided by the total amount of gas supplied to Jinran Gas by its contractual source in the corresponding month of year 2017

4. The Gas Sourcing Price for Non-Contractual Amount for the 3rd Period will be determined as follow:

(ii) Gas Sourcing Price for Non-Contractual Amount for the 3rd Period = Gas Purchase Price for Non-Contractual Amount for the 3rd Period. Jinran Gas is obliged to present to the Company the proof of the actual Gas Purchase Price for Non-Contractual Amount

Non-Contractual Amount = The amount of gas actually supplied to the Company by Jinran Gas that exceeds the Contractual Amount in the 3rd Period

5. Notwithstanding the aforesaid pricing mechanism, should there be a change in the applicable laws and regulations under which the Gas Sourcing Price is mandated by the PRC government or authorities, the mandated price shall prevail.

Settlement Policy

The Company shall pay Jinran Gas for the gas supplied in the 1st Period and 2nd Period and to be supplied in the 3rd Period and the relevant amounts payable are calculated as follow:

1. The amount payable for gas supplied in the 1st Period = the amount of gas supplied in the 1st Period times the Gas Sourcing Price for the 1st Period.

2. The amount payable for gas supplied in the 2nd Period = the amount of gas supplied in the 2nd Period times the Gas Sourcing Price for the 2nd Period.

3. The amount payable for gas supplied in the 3rd Period = the amount of gas supplied in the 3rd Period up to the Contractual Amount for the 3rd Period times Gas Sourcing Price for the 3rd Period, plus Gas Sourcing Price for Non-Contractual Amount for the 3rd Period times the amount of gas supplied in the 3rd Period in excess of the Contractual Amount for the 3rd Period (i.e. Non-Contractual Amount for the 3rd Period)

The Company shall settle the gas fee incurred for each month on or before the 5th day of the following month, based on the actual consumption of natural gas by the Company during the month.

The Company and Jinran Gas agree that the Gas Sourcing Price applicable to each of the calendar month in the 2nd Period and 3rd Period should be capped at RMB3.00 per cubic metre (tax inclusive) for the purpose of monthly settlements. Yet, if the weighted average Gas Sourcing Price for the entire year 2018 is below RMB3.00 per cubic metre (tax inclusive), the Company is obliged to pay Jinran Gas the difference between the capped amount settled and the amount that would have been payable by the Company in full in each of the calendar month in the 2nd Period and 3rd Period calculated with the actual (uncapped) Gas Sourcing Price for the 2nd Period and 3rd Period under the Pricing Mechanism.

The Settlement Agreement shall be terminated immediately after the New Gas Supply Contract takes effect. The Gas Sourcing Prices applicable to January to June 2018 shall be calculated according to the New Gas Supply Contract. Any amount paid according to the Settlement Agreement in excess or fall short of the amount calculated accordingly for the gas actually supplied shall be refunded to or paid by the Company as appropriate.

Annual Cap

In any event, the total transaction amount (tax inclusive) under the New Gas Supply Contract for the year ending 31 December 2018 shall not exceed RMB1,700,000,000.

Basis of Determining the Annual Cap and the Pricing Mechanism

In arriving at the aforesaid annual cap of natural gas supply, the Company has considered, among others, the following factors: (i) the growth of the historical figures of transactions with Jinran Gas for the past two years for Gas Supply; (ii) the potential increase of Gas Sourcing Price during the winter months in 2018; and (iii) a small additional buffer in case of unexpected fluctuation.

In arriving at the Pricing Mechanism, the Company has considered (i) the Gas Sourcing Price for the month December 2017 and the average Gas Sourcing Price for the year 2017; (ii) the sourcing prices at which Jinran Gas sourced its natural gas from the government appointed and regulated ultimate supplier of natural gas in the Tianjin region like Petrochina Company Limited (中國石油天然氣股份有限公司); (iii) the actual and expected fluctuations of such upstream sourcing prices in the 1st Period, 2nd Period and 3rd Period based on the Company and Directors' expertise in the industry; (iv) the fact that Jinran Gas is the only licensed natural gas wholesaler capable of fulfilling the Company's demand on natural gas and the Company's reliance on Jinran Gas as an industry norm in Tianjin as a result of the laws and regulations of the PRC; and (v) the alternative legal means available to the Company to source the natural gas needed and the unit price of gas being substantially higher than the Gas Sourcing Price pursuant to the Pricing Mechanism.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the abovementioned annual cap and the Pricing Mechanism are fair and reasonable.

REASONS FOR AND BENEFITS OF ENTERING THE NEW GAS SUPPLY CONTRACT

New Gas Supply Contract

Jinran Gas is the only natural gas wholesaler in the districts in Tianjin in which the Company operates.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the New Gas Supply Contract is entered into in the usual and ordinary course of business of the Group after arm's length negotiations between the Company and Jinran Gas and the terms of the New Gas Supply Contract and the proposed annual cap 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 GAS

Jinran Gas 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 Gas 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.

Jinran Gas is held as to 51% by Tianjin Gas (a controlling shareholder of the Company holding 1,297,547,800 Domestic Shares, representing approximately 70.54% of the total issue shares of the Company) and Jinran Gas is hence a connected person of the Company, and the entering into of the New Gas Supply Contract between Jinran Gas and the Company constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap for the New Gas Supply Contract for the year ending 31 December 2018 exceed 5%, the New Gas Supply Contract is subject to, inter alia, the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

A circular containing, inter alia, (i) further details of the Continuation of Gas Supply and the New Gas Supply Contract, (ii) the advice from the Independent Board Committee to the Independent Shareholder; (iii) the advice from the independent financial adviser of the Company to the Independent Board Committee and Independent Shareholders in relation to the Continuation of Gas Supply and the New Gas Supply Contract; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 15 October 2018. Tianjin Gas and its associates will abstain from voting in connection with the New Gas Supply Contract at the aforesaid EGM.

As Mr. Hou Shuang Jiang, the non-executive Director, has directorship in 津燃貿易諮詢有限公司 (Jinran Trading Consultancy Company Limited*), a wholly-owned subsidiary of Tianjin Gas, and Mr. Zhao Heng Hai, the non-executive Director, has directorship in Jinran Gas, both of them had abstained from voting in the passing of Board resolutions in relation to the New Gas Supply Contract, and was not counted in the quorum in the relevant meeting of the Board in relation to the New Gas Supply Contract.

DEFINITIONS

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

“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
“Continuation of Gas Supply”	the supply of natural gas by Jinran Gas to the Company for the year ending 31 December 2018, in accordance with the New Gas Supply Contract, details of which are set out in this announcement
“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 Continuation of Gas Supply and the New Gas Supply Contract
“Existing Gas Supply Contract”	the gas supply contracts dated 31 October 2014 and entered into between the Company and Jinran Gas in respect of the supply of natural gas by Jinran Gas to the Company for the years ended 31 December 2015, 2016 and 2017
“Gas Purchase Price”	the price per cubic metre at which Jinran Gas purchases the natural gas from its supplier
“Gas Sourcing Price”	the monthly price per cubic metre at which the Company sources its natural gas from Jinran Gas
“Gas Supply”	the supply of natural gas by Jinran Gas to the Company in accordance with the Existing Gas Supply Contract
“Gas Supply Announcement”	the announcement of the Company dated 31 October 2014 concerning, inter alia, the Existing Gas Supply Contract
“Gas Supply Supplemental Agreement”	the supplemental agreement entered into between Jinran Gas and the Company to, inter alia, supplement and amend certain terms of the Existing Gas Supply Contract, details of which are set out in the Supplemental Announcement issued on 17 March 2017
“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, the independent non-executive Directors
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution(s) approving the New Gas Supply Contract
“Independent Third Party(ies)”	third party(ies) who are independent of and are not connected with the Company and its connected persons
“Jinran Gas”	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”	Rules Governing the Listing of Securities on the Stock Exchange
“New Gas Supply Contract”	the conditional gas supply contract dated 20 September 2018 and entered into between the Company and Jinran Gas in respect of the supply of natural gas by Jinran Gas to the Company for the year ending 31 December 2018
“Non-Residential Users”	general commercial and industrial users, users for supply of central heating and users other than Residential Users
“normal commercial terms or better”	has the meaning ascribed to it in the Listing Rules
“Pricing Mechanism”	the pricing mechanism to calculate the Gas Sourcing Price specified in the New Gas Supply Contract, details of which are set out in the paragraph headed “Pricing Policy” in this announcement
“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
“Residential Users”	residential users, educational institutions, student residences, elderly welfare institutions, urban and rural community neighbourhood public service facilities, and religion service providers
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agreement”	a settlement agreement dated 17 April 2018 and entered into between the Company and Jinran Gas, pursuant to which the Company agreed to pay Jinran Gas for the gas sourcing costs incurred and to be incurred by the Company from January to March 2018 and from April to June 2018, respectively

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Announcements”	the announcement of the Company issued on 17 March 2017 and the update announcements of the Company issued on 17 April 2018 and 3 September 2018 concerning the continuing connected transactions of the Company and the Settlement Agreement between the Company and Jinran Gas in relation to the Existing Gas Supply Contract and the Gas Supply Supplemental Agreement
“Tianjin Gas”	天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*), a state-owned enterprise established in the PRC with limited liability

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

Tianjin, the PRC, 20 September 2018

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

* *For identification purpose only*