

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Shanghai Dazhong Public Utilities (Group) Co., Ltd.***, you should at once hand this circular, together with the enclosed proxy form, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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上海大眾公用事業(集團)股份有限公司
Shanghai Dazhong Public Utilities (Group) Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1635)

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2020
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2020
FINAL FINANCIAL REPORT FOR THE YEAR 2020 AND FINANCIAL BUDGET REPORT FOR THE
YEAR 2021 OF THE COMPANY
PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY FOR THE YEAR 2020
RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS
OF THE COMPANY FOR THE YEAR 2021
RESOLUTION ON THE APPLICATION OF BANK CREDIT FACILITIES OF THE COMPANY FOR
THE YEAR 2021
RESOLUTION ON THE PROVISION OF GUARANTEE BY THE COMPANY FOR CONTROLLED
SUBSIDIARIES WITH RESPECT TO EXTERNAL FINANCING FOR THE YEAR 2021
RESOLUTION ON THE USE OF IDLE FUND FOR CASH MANAGEMENT OF THE COMPANY
RESOLUTION ON THE RE-APPOINTMENT OF DOMESTIC AUDIT FIRM AND INTERNAL
CONTROL AUDIT FIRM OF THE COMPANY FOR THE YEAR 2021
RESOLUTION ON THE RE-APPOINTMENT OF OVERSEAS AUDIT FIRM OF THE COMPANY
FOR THE YEAR 2021
RESOLUTION ON THE PROPOSED REGISTRATION AND ISSUANCE OF SUPER-SHORT-TERM
COMMERCIAL PAPERS AND SHORT-TERM COMMERCIAL PAPERS OF THE COMPANY
AND
RESOLUTION ON THE PROPOSED REGISTRATION AND ISSUANCE OF MEDIUM-TERM
NOTES OF THE COMPANY

A letter from the Board is set out on pages 5 to 12 of this circular. A notice convening the AGM to be held at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Friday, 18 June 2021 at 2:00 p.m. was published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The proxy form for use at the AGM was also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Whether or not you are able to attend the AGM, you are reminded to complete, sign and return the proxy form in accordance with the instructions printed thereon. The form of proxy shall be lodged at 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 not less than 24 hours before the time for holding the AGM (being Thursday, 17 June 2021 at 2:00 p.m.) or any adjournment thereof (as the case may be) in person or by mail. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM if you so wish.

* For identification purpose only

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“A Share(s)”	the domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange
“AGM” or “2020 AGM”	the annual general meeting of the Company to be held at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Friday, 18 June, 2021 at 2:00 p.m. or any adjournment thereof
“Articles of Association” or “Articles”	the articles of association of the Company as effective at the time
“Board”	the board of Directors of the Company
“Company” or “Dazhong Public Utilities”	Shanghai Dazhong Public Utilities (Group) Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability, which H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Company Law”	the Company Law of the PRC as amended, supplemented or otherwise modified from time to time
“Dazhong Auction”	Shanghai Dazhong Auctions Co., Ltd.* (上海大眾拍賣有限公司), a limited liability company incorporated in the PRC on 15 May 1998, which is owned as to 49% of shares by Dazhong Transportation
“Dazhong Building”	Shanghai Dazhong Building Co., Ltd.* (上海大眾大廈有限責任公司), a limited liability company incorporated in the PRC on 17 October 1995, and wholly-owned by Dazhong Transportation
“Dazhong Business Management”	Shanghai Dazhong Business Management Co., Ltd.* (上海大眾企業管理有限公司), a limited liability company incorporated in the PRC on 10 March 1995 and owned as to 90% by Shanghai Dazhong Business Management Employee Share Ownership Committee* (上海大眾企業管理有限公司職工持股會) and 10% by three individual shareholders who are Independent Third Parties

DEFINITIONS

“Dazhong Commerce”	Shanghai Dazhong Transportation Commerce Co., Ltd.* (上海大眾交通商務有限公司), a limited liability company incorporated in the PRC on 25 June 2008
“Dazhong Financial Leasing”	Shanghai Dazhong Financial Leasing Co., Ltd.* (上海大眾融資租賃有限公司), a limited liability company incorporated in the PRC on 19 September 2004
“Dazhong Hebin”	Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd.* (上海大眾河濱酒店經營管理有限責任公司), a limited liability company incorporated in the PRC on 18 July 2003, and wholly-owned by Dazhong Business Management
“Dazhong Run”	Shanghai Dazhong Run Logistics Shares Co., Ltd.* (上海大眾運行物流股份有限公司), a limited liability company incorporated in the PRC on 19 March 1999
“Dazhong Transportation”	Dazhong Transportation (Group) Co., Ltd.* (大眾交通(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC on June 6, 1994, whose A shares (Stock Code: 600611.SH) and B shares (Stock Code: 900903.SH) have been listed on the Shanghai Stock Exchange since 7 August 1992 and 22 July 1992 respectively
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IPO”	initial public offerings
“Jiangyin Tianli Gas”	Jiangyin Tianli Gas Co., Ltd.* (江陰天力燃氣有限公司), a limited liability company incorporated in the PRC on 12 May 1995
“LNG”	liquefied petroleum gas
“Nantong Dazhong Gas”	Nantong Dazhong Gas Co., Ltd.* (南通大眾燃氣有限公司), a limited liability company incorporated in the PRC on 11 December 2003
“PRC” or “China”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Reporting Period”	the year from 1 January 2020 to 31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the PRC
“Shanghai Dazhong Gas”	Shanghai Dazhong Gas Co., Ltd.* (上海大眾燃氣有限公司) (formerly known as South Shanghai Gas Co., Ltd.* (上海燃氣市南銷售有限公司)), a limited liability company incorporated in the PRC on 3 January, 2001
“Shanghai Gas”	Shanghai Gas Co., Ltd.* (上海燃氣有限公司), a limited liability company incorporated in the PRC on 17 December 2018, and wholly-owned by Shenergy (Group) Co., Ltd.* (申能(集團)有限公司)
“Shanghai Stock Exchange” or “SSE”	the Shanghai Stock Exchange (上海證券交易所)
“Share(s)”	the share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Suchuang Gas”	Suchuang Gas Corporation Limited* (蘇創燃氣股份有限公司) (Stock Code: 1430.HK), a company listed on the Main Board of the Hong Kong Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee” or “Board of Supervisors”	the supervisory committee of the Company
“US\$” or “USD”	United States Dollars, the lawful currency of the United States
“Yuan” and “ten thousand Yuan” and “one hundred million Yuan”	RMB, RMB10 thousand, and RMB100 million

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LETTER FROM THE BOARD



上海大眾公用事業(集團)股份有限公司
Shanghai Dazhong Public Utilities (Group) Co., Ltd.*
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1635)

Executive Directors:

Mr. YANG Guoping (*Chairman of the Board*)
Mr. LIANG Jiawei (*Chief Executive Officer*)
Mr. WANG Baoping
Mr. YANG Weibiao

Registered Office:

518 Shangcheng Road
Pudong New Area
Shanghai
PRC

Non-executive Directors:

Ms. QU Jia
Mr. JIN Yongsheng

Principal Place of Business in Hong Kong:

Room 8204B, 82/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Independent Non-executive Directors:

Mr. WANG Kaiguo
Mr. CHOW Siu Lui
Mr. LIU Zhengdong

Principal Place of Business in the PRC:

8/F, Dazhong Building
1515 Zhongshan West Road
Shanghai
PRC

28 April 2021

To the Shareholders

Dear Sir or Madam,

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2020
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2020
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LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with information regarding certain ordinary resolutions to be proposed at the AGM relating to (including) the following matters to enable you to make informed decisions on whether to vote for or against the proposed resolutions at the AGM:

At the AGM, resolutions will be proposed to approve, among others:

- (1) Work report of the board of directors for the year 2020;
- (2) Work report of the supervisory committee for the year 2020;
- (3) Final financial report for the year 2020 and financial budget report for the year 2021 of the Company;
- (4) Profit distribution proposal of the Company for the year 2020;
- (5) Resolution on the estimated ongoing ordinary related party transactions of the Company for the year 2021;
- (6) Resolution on the application of bank credit facilities of the Company for the year 2021;
- (7) Resolution on the provision of guarantee by the Company for controlled subsidiaries with respect to external financing for the year 2021;
- (8) Resolution on the use of idle funds for cash management of the Company;
- (9) Resolution on the re-appointment of the domestic audit firm and internal control audit firm of the Company for the year 2021;
- (10) Resolution on the re-appointment of the overseas audit firm of the Company for the year 2021;
- (11) Resolution on the proposed registration and issuance of super-short-term commercial papers and short-term commercial papers of the Company; and
- (12) Resolution on the proposed registration and issuance of medium-term notes of the Company.

The Shareholders will listen to the work report of the independent directors for the year 2020 at the AGM.

LETTER FROM THE BOARD

Details of the Resolutions

(1) *Work Report of the Board of Directors for the year 2020*

An ordinary resolution will be proposed at the AGM to pass the work report of the Board of Directors of the Company for the year 2020. Full text of the Board Report 2020 to be passed is set out in Appendix I to this circular.

(2) *Work Report of the Supervisory Committee for the year 2020*

An ordinary resolution will be proposed at the AGM to pass the work report of the Supervisory Committee for the year 2020. Full text of the Supervisory Committee Report 2020 to be passed is set out in Appendix II to this circular.

(3) *Final Financial Report for the year 2020 and Financial Budget Report for the year 2021*

An ordinary resolution will be proposed at the AGM to pass the final financial report of the Group for the year 2020 and the financial budget report for the year 2021. Full text of the Final Financial Report 2020 and Financial Budget Report 2021 to be passed is set out in Appendix III to this circular.

(4) *Profit Distribution Proposal for the year 2020*

The net profit attributable to owners of the parent company of 2020 amounted to RMB515,231,000. The parent company's profit after tax amounted to RMB198,847,000. According to the Company Law and the Articles of Association, the Company's distribution plan is as follows:

Based on the net profit of the parent company in 2020, a 10% statutory reserve in the amount of RMB19,885,000 is provided, with the addition of the undistributed profit of the parent company carried over from 2019 in the amount of RMB1,125,954,000, less the distributed amount of RMB177,146,000 in 2019, the total distributable profits amounted to RMB1,127,770,000. Based on the total share capital of 2,952,434,675 shares as at 31 December 2020, a proposed cash dividend of RMB0.55 (tax inclusive) for every 10 shares or a total profit of RMB162,384,000 will be distributed. The undistributed profit of RMB965,386,000 shall be outstanding for distribution next year.

LETTER FROM THE BOARD

The aforementioned distribution plan was considered and approved at the sixth meeting of the eleventh session of the Board, to which the independent non-executive Directors have given their independent consent, and will be put forward for Shareholders' approval at the AGM as an ordinary resolution. If approved, the Company will further announce the arrangement for the distribution of the final dividend, including the record date for distribution of the dividend, the closure of the register of members and other relevant matters.

An ordinary resolution will be proposed at the AGM to pass the profit distribution proposal of the Company for the year 2020. Full text of the Profit Distribution Proposal 2020 to be passed is set out in Appendix IV to this circular.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China effective on 1 January 2008 and the relevant implementation rules, the Company has the obligation to withhold and pay the enterprise income tax at a rate of 10% of the final dividend for 2020 payable to the non-resident enterprise Shareholders. Any H Shares registered under the names of non-individual Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations and groups are deemed to be held by non-resident enterprise Shareholders. The Company will distribute the final dividend to such non-individual Shareholders after withholding the enterprise income tax at a rate of 10%.

According to Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation, the Company shall withhold and pay the individual income tax for dividend payable to the individual H Shareholders. The individual H Shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between mainland China and Hong Kong (Macau). If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. Should the individual H Shareholders be residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential treatment on their behalf in accordance with the Announcement on the issuance of the Administrative Measures on the Preferential Treatment Entitled by Non-resident Taxpayers under Tax Treaties (State Administration of Taxation [2015] No. 60) (《關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》(國家稅務總局公告[2015]第60號)). Should the individual H Shareholders be residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In the case that the individual H Shareholders are residents of the countries having not entered into any tax agreement with China, or having an agreed dividend tax rate with China of 20% or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

LETTER FROM THE BOARD

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves. The Company assumes no liability whatsoever in respect of any request arising from any delay in, or inaccurate determination of, the status of the Shareholders, or any disputes over the mechanism of withholding and payment.

(5) *Estimated Ongoing Ordinary Related Party Transactions*

An ordinary resolution will be proposed at the AGM to pass the resolution on the estimated ongoing ordinary related party transactions of the Company for the year 2021, full text of which is set out in Appendix V to this circular.

(6) *Bank Credit Facilities Application*

An ordinary resolution will be proposed at the AGM to pass the resolution on the application of bank credit facilities of the Company and its subsidiaries, full text of which is set out in Appendix VI to this circular.

(7) *Provision of Guarantee*

An ordinary resolution will be proposed at the AGM to pass the resolution on the provision of guarantee for controlled subsidiaries with respect to their external financing, full text of which is set out in Appendix VII to this circular.

(8) *Idle Fund For Cash Management*

An ordinary resolution will be proposed at the AGM to pass the resolution for the Company and its subsidiaries to use idle funds for cash management, full text of which is set out in Appendix VIII to this circular.

(9) *Re-appointment of Domestic Audit Firm and Internal Control Audit Firm*

An ordinary resolution will be proposed at the AGM to pass the resolution on re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic audit firm and internal control audit firm for the Company for the year 2021, full text of which is set out in Appendix IX to this circular.

LETTER FROM THE BOARD

(10) Re-appointment of Overseas Audit Firm

An ordinary resolution will be proposed at the AGM to pass the resolution on re-appointment of BDO Limited as the overseas audit firm for the Company for the year 2021, full text of which is set out in Appendix X to this circular.

(11) The proposed registration and issuance of commercial papers

An ordinary resolution will be proposed at the AGM to pass the resolution on the proposed registration and issuance of super-short-term commercial papers and short-term commercial papers, full text of which is set out in Appendix XI to this circular.

(12) The proposed registration and issuance of medium-term notes

An ordinary resolution will be proposed at the AGM to pass the resolution on proposed registration and issuance of medium-term Notes, full text of which is set out in Appendix XII to this circular.

Work report of the independent directors for the year 2020

The Shareholders will listen to the work report of the independent directors for the year 2020 at the AGM. Full text of the work report of the independent directors for the year 2020 set out in Appendix XIII to this circular.

II. AGM

A notice convening the AGM to be held at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Friday, 18 June 2021 at 2:00 p.m. was published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The proxy form for use at the AGM was also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time for holding the AGM (being Thursday, 17 June 2021 at 2:00 p.m.). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM if you so wish.

LETTER FROM THE BOARD

III. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders for H Shares to attend and vote at the Company's AGM, the register of members of the Company for H Shares will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021, both days inclusive, during which no transfer of shares will be registered. Only Shareholders whose names appear on the register of members of the Company on Friday, 11 June 2021 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 11 June 2021.

IV. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, all resolutions put forward at the AGM will be voted on by poll except where the chairman of the meeting, 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. Poll results will be announced by the Company by means set out in Rule 13.39(5) of the Hong Kong Listing Rules after the AGM.

V. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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.

VI. RECOMMENDATIONS

The Board considers that all resolutions set out in the notice of AGM are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Shareholders to vote in favour of such resolutions.

LETTER FROM THE BOARD

VII. FURTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular.

By order of the Board
Shanghai Dazhong Public Utilities (Group) Co., Ltd.*
Yang Guoping
Chairman of the Board

* *For identification purpose only*

APPENDIX I	WORK REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY FOR THE YEAR 2020
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The major works of the Board for the year ended 31 December 2020 and the 2021 annual work plan report are as follows:

In 2020, the Board of Directors of the Company devoted itself to improving the corporate governance system and the corporate governance structure and enhancing the overall governance level of the Company in accordance with the requirements of the Company Law of the PRC, the Securities Law of the PRC, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Hong Kong Listing Rules and other relevant laws and regulations and the provisions of the Articles of Association. It conscientiously performed the duties of the Board of Directors, implemented the resolutions of the shareholders' general meeting, and timely fulfilled the obligation of information disclosure. All directors of the Company performed their duties faithfully, honestly and diligently in accordance with the rights and obligations specified by relevant laws, regulations and the Articles of Association. During the Reporting Period, the Company overcame many unfavorable factors such as the global spread of COVID-19 pandemic, the complex and fickle market environment and the sharp fluctuation of exchange rate, adhered to the corporate development strategy of "simultaneous development of public utility and financial investment". Under the strong leadership of the Board of Directors and the joint efforts of all employees, the Company united and forged ahead from management to employees, seized the opportunity of market, achieved good operating results, and realized the successful conclusion of the 13th Five-Year Plan. The work during the past year is reported as follows:

I. MAIN WORKS OF THE BOARD FOR THE YEAR 2020

1. Steadily carried out pandemic prevention and control.

In 2020, facing the sudden outbreak of COVID-19 pandemic, the Board of Directors attached great importance to pandemic prevention and control. The Company quickly set up a leading group and work group for prevention and control of COVID-19 pandemic at the end of January, thoroughly implemented the pandemic prevention requirements of the local government where the Company and its subsidiaries operates, released specific action plans, continuously supervised subsidiaries and employees to enhance pandemic prevention and control, and established information exchange channels through new communication technologies such as video conferencing system. The subsidiaries implemented the leader responsibility system and established a rapid and effective response mechanism to ensure employees' life safety and health, as well as production safety. Since the outbreak, there has not been a confirmed case or suspected case in the Company, which laid a solid foundation for the development of various work.

2. Successfully completed the general election of the Board of Directors.

In 2020, the term of the tenth session of Board expired. In order to successfully complete the general election of the Board of Directors, the Company held the twenty-first meeting of the tenth session of Board on 30 March 2020 and confirmed the list of candidates to be recommended for the eleventh session of the Board. Then, with careful preparation, the Board of Directors organized and held the 2019 annual general meeting in time, and elected the members of the eleventh session of the Board of the Company. At the first meeting of the eleventh session of the Board of the Company held subsequently, the Board of Directors elected Mr. Yang Guoping as chairman of the Board of Directors of the Company and appointed Mr. Liang Jiawei as executive director and president of the Company; elected members of the special committees of the new Board of Directors and the new senior management personnel, and successfully completed all the work of the transition of the Board of Directors of the Company.

3. Directors performed their duties diligently and conscientiously to promote the standardized operation of the Company.

In 2020, in strict accordance with the requirements of the Company Law of the PRC, the Articles of Association and other relevant laws and regulations, the directors of the Company faithfully, honestly and diligently performed their duties, abided by their commitments, continuously understood and analyzed the operation of the Company, expressed their opinions on major decision-making matters of the Company, paid attention to the decision-making procedures of the Board of Directors, and earnestly performed the duties entrusted by the Board of Directors. Firstly, they strictly examined the relevant matters submitted by the Company to the Board of Directors, safeguarded the legitimate rights and interests of the Company and all Shareholders, and promoted the standardized operation of the Company. Secondly, the special committees of the Board of Directors gave full play to their professional advantages and provided strong support for the improvement of the scientific and forward-looking decision-making of the Board of Directors. Thirdly, the independent directors of the Company could conscientiously perform their duties as independent directors in accordance with the requirements of the Articles of Association and the Working System of Independent Directors, and express opinions and suggestions on the proposals submitted for deliberation, so as to protect the rights and interests of small and medium Shareholders and stakeholders. Fourthly, the Board of Directors of the Company actively participated in study and training, improved the professional level upon performing duties, and enhanced the ability to perform duties, so as to ensure the scientific decision-making of the Board of Directors and continuously improve the level of corporate governance.

4. The Company further tightened the information disclosure management system and strengthened investor relations management.

In 2020, as a public company listed in Shanghai, China and Hong Kong, the Company strictly abided by the Securities Law of the PRC, the Listing Rules of Shanghai Stock Exchange, Hong Kong Listing Rules and relevant corporate systems of the Company, and strictly fulfilled the information disclosure obligations of listed companies, and comprehensively regulated information disclosure affairs. During the Reporting Period, the Company disclosed a total of 212 documents including announcements and circulars on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange, and disclosed the Company's operating results, financial status, major decisions and other relevant information to investors in an accurate, timely and standardized manner, without material accounting errors and material omissions of information, as well as without report omissions, concealment, false statement and other circumstances.

As the linkage department for the communication between the Board of Directors and investors, the Office of the Secretaries of the Board of Directors, a permanent body of the Board of Directors, continuously strengthened the maintenance and management of investor relations, and kept communication channels with small and medium Shareholders and institutional investors smooth through various channels such as on-site, telephone and E-interaction platform of the Shanghai Stock Exchange (SSE E-interaction). During the Reporting Period, the Company answered the hotlines of investors and responded to questions from investors on the SSE E-interaction for more than 330 times. Through the theme activity of 2020 Shanghai-based Listed Companies' Collective Reception Day of Investors, the Company communicated and discussed with domestic and foreign investors on corporate governance, development planning, operating conditions and sustainable development, and established a good image of the Company in the capital market.

5. Prepared the 14th Five-Year Plan and planned the development direction of the Company in the next five years.

The year 2020 was not only the final year of the 13th Five-Year Plan but also the year of planning and layout for the 14th Five-Year Plan. To accurately understand the macroeconomic situation, expand the industrial placement, and make the Company better and stronger, the Company carried out the preparation of the 14th Five-Year Plan in an all-round way, deeply analyzed the internal and external situation, conscientiously summarized the development experience and shortcomings of the Company in the past 30 years, and clarified the future development strategic direction, objectives, tasks and measures, laying a solid foundation for the Company to start a new round of rapid development. After a series of work such as pre-planning preparation, investigation and interview, data collection, planning preparation and submission for approval, the Company completed the first draft of the 14th Five-Year Plan (2021-2025) in late January 2021.

II. MAJOR DAILY WORKS OF THE BOARD FOR THE YEAR 2020

(I) Board meetings and resolutions

In 2020, the Company convened 7 board meetings in total, which respectively discussed and decided significant matters including the Company's regular reports, financial budget and the final financial report, profit distribution, outward investment, related party transactions, and changes in the use of proceeds. The Directors participated in the Board meetings on time, devoted to the interests of the Company and its Shareholders, diligently performed their duties and actively safeguarded the interests of the Company and its Shareholders.

1. The twenty-first meeting of the tenth session of the Board was held on 30 March 2020 by means of on-site and communication. There should be 13 Directors attending the meeting, and there were 13 Directors present in person (Mr. Zhang Yesheng, a Director, was unable to attend the meeting due to his business and fully entrusted Mr. Yang Weibiao, a Director, to attend and vote at the meeting on his behalf) and 13 votes were validly exercised at the meeting. All Supervisors and some senior management of the Company attended the meeting. The meeting was presided over by Mr. Yang Guoping, Chairman of the Board of Directors, and complied with the relevant provisions of the Company Law of the PRC and the Articles of Association. The meeting was lawful and valid. The meeting considered and approved the Work Report of the Board of Directors for 2019, Operational Work Report of the Company

for 2019, Report of Independent Directors for 2019, Final Financial Report for 2019 and the Financial Budget Report for 2020, Profit Distribution Plan of the Company for 2019, Full Text and Summary of 2019 Annual Report, Report on Internal Control Evaluation of the Company for 2019, Report on Performance of Audit Committee of the Board of Directors for 2019, Corporate Social Responsibility Report for 2019, Environmental, Social and Governance (ESG) Report of the Company for 2019, Resolution on the 2020 Daily Related Party Transactions of the Company, Resolution on the Application of Credit Facilities of the Company for 2020, Resolution on the Provision of Guarantees of Controlled Subsidiaries by the Company for 2020 with Respect to Their External Financing, Resolution on Entering into the Loan Mutual Guarantee Agreement with the Controlling Shareholder and Connected transactions, Resolution on the Proposal for the Company and Its Subsidiaries to Use Idle Funds for Entrusted Financing for 2020, Resolution on the Re-Appointment of the Domestic Audit Firm and Internal Control Audit Firm for the Company for 2020, Resolution on the Re-Appointment of the Overseas Audit Firm for the Company for 2020, Resolution on the Issuances of Onshore and Offshore Debt Financing Instruments, Resolution on Provision for Impairment of Intangible Assets, Resolution on the Re-Election of the New Session of Board, Resolution on the Amendments on the Articles of Association of the Company and the Change on Industrial and Commercial Registration, Resolution on the Amendments on the Rules of Procedures for the General Meeting, Resolution on the Amendments of the Rules of Procedures of Board and Resolution on Convening the Annual General Meeting for the Year 2019.

APPENDIX I	WORK REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY FOR THE YEAR 2020
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2. The 22nd meeting of the tenth session of the Board was held on 29 April 2020 by means of communication voting. The meeting considered and approved the 2020 first quarterly report of Dazhong Public Utilities.
3. The first meeting of the 11th session of the Board was held on 22 June 2020 by means of on-site and communication. 9 Directors shall attend the meeting for voting and 9 Directors were present in person for voting. All Supervisors and senior management of the Company attended the meeting. The meeting was presided over by Mr. Yang Guoping, Chairman of the Board of Directors, and complied with the relevant provisions of the Company Law of the PRC and the Articles of Association. The meeting was lawful and valid. The meeting approved Resolution on Election of Chairman of the eleventh session of the Board of the Company, Resolution on Appointment of President of the Company, Resolution on Appointment of Vice President of the Company, Resolution on Appointment of Chief Financial Officer of the Company, Resolution on Appointment of Secretary of the Board of Directors of the Company, Resolution on Appointing Authorized Representatives of Securities Affairs of the Board of Directors of the Company, Resolutions on Election of Members of Remuneration and Appraisal Committee of the Eleventh Session of the Board, Resolutions on Election of Members of Audit Committee of the Eleventh Session of the Board, Resolutions on Election of Members of Nomination Committee of the Eleventh Session of the Board and Resolutions on Election of Members of Strategic Development Committee of the Eleventh Session of the Board.
4. The second meeting of the eleventh session of the Board was held on 28 August 2020 by means of on-site and communication. 9 Directors shall attend the meeting for voting and 9 Directors were present in person for voting. All Supervisors and senior management of the Company attended the meeting. The meeting was presided over by Mr. Yang Guoping, Chairman of the Board, and complied with the relevant provisions of the Company Law and the Articles of Association and was lawful and valid. The meeting considered and approved the Operational Work Report of the Company for the First Half of 2020, Report and Summary of 2020 Interim Report of the Company, and Resolution on Changes in Accounting Estimates of Subsidiaries.

5. The third meeting of the eleventh session of the Board was held on 14 September 2020 by means of communication voting. 9 Directors shall attend the meeting for voting and 7 Directors (connected Directors' voting rights were excluded) were present in person for voting. This meeting complied with the provisions of relevant laws, regulations, rules and the Articles of Association and was lawful and valid. The meeting considered and approved the Resolution on the Subsequent Subscription of Caption Capital Contribution After transferral of Equity Participation Fund by the Company to Dazhong Transportation (Group) Co., Ltd.* (大眾交通(集團)股份有限公司).

6. The fourth meeting of the eleventh session of the Board was held on 30 October 2020 by means of communication voting. The meeting considered and approved the 2020 Third Quarterly Report of Dazhong Public Utilities.

7. The fifth meeting of the eleventh session of the Board was held on 3 December 2020 by means of communication voting. 9 Directors shall attend the meeting for voting and 9 Directors were present in person for voting. This meeting complies with the provisions of relevant laws, regulations, rules and the Articles of Association and was lawful and valid. The meeting considered and approved the Resolution on Changes in Use of Proceeds of H Shares and the Resolution on Convening 2020 First Extraordinary General Meeting.

(II) Implementation of resolutions of general meetings by the Board

During the Reporting Period, in strict accordance with the relevant provisions of laws and regulations and the Articles of Association, the Board earnestly fulfilled the responsibility of the convener of the general meeting, and convened 2 general meeting.

1. The Company convened 2019 annual general meeting on 22 June 2020, which considered and approved, through voting, resolutions including Work Report of the Board of Directors for 2019, Work Report of the Board of Supervisors for 2019, the Final Financial Report For 2019 and the Financial Budget Report of the Company for 2020, the Profit Distribution Plan of the Company for 2019, Resolution on the Estimated Ongoing Ordinary Related Party Transactions of the Company for 2020,

Resolution on the Application of Bank Credit Facilities of the Company for 2020, Resolution on the Provision of Guarantee by the Company for its Controlled Subsidiaries with Respect to their External Financing for 2020, Resolution on the Signing of Loan Mutual Guarantee and Connected Transactions Between the Company and its Controlling Shareholder, Resolution on the Proposal for the Company and its Subsidiaries to Use Idle Funds for Entrusted Financing for 2020, Resolution on the Re-Appointment of the Domestic Audit Firm and Internal Control Audit Firm of the Company for 2020, Resolution on the Re-Appointment of the Overseas Audit Firm of the Company for 2020, Resolution on the Issuance of Domestic and Overseas Debt Financing Instruments, Resolution on the Re-Election of the New Session of Board, Resolution on the Re-Election of the New Session of the Board of Supervisors, Resolution on the Amendment on the Articles of Association and the Change in Industrial and Commercial Registration, Resolution on the Revision of the Rules of Procedures of General Meetings, Resolution on the Revision of the Rules of Procedures of Board, and Resolution on the Revision of the Rules of Procedures of the Board of Supervisors.

2. The Company convened the 2020 first extraordinary general meeting on 28 December 2020, which considered and approved the Resolution on Changes in Use of Proceeds of H Shares through voting.

During the Reporting Period, the Board of the Company strictly and comprehensively implemented various resolutions considered and approved at general meetings.

III. WORK DIRECTION OF THE BOARD FOR THE YEAR 2021

The year of 2021 is the opening year of the “14th Five-year Plan”, and the 30th anniversary of the Company entering capital market. The Board of the Company must give full consideration to the complexity and severity of domestic and foreign economic situations and adhere to sound and stable operating, meanwhile, the Company will further enhance its standardized operation and governance and continuously explore other resources for growth to guarantee the steady development of each business segment.

In 2021, the Company will focus on the following aspects:

1. Normalizing precise pandemic prevention and control, and comprehensive control of production and operation.

The Company will adhere to the general idea of “seeking progress in stability and innovative development” and strive to grasp the opportunity from the macroeconomic recovery during the post-pandemic period and under the normalized pandemic prevention and control situation. The Company will implement the operation and management objectives of each business segment at all levels, and take multiple measures to ensure the sustainable and healthy development of the Company’s various operating businesses.

2. Improving the “14th Five-year Plan (2021-2025)” of the Company to clarify the future development of the Company.

In 2021, the Board of the Company will organize to study the “14th Five-year Plan” of the Yangtze River Delta, Shanghai and the State so as to improve its own “14th Five-year Plan (2021-2025)” by clarifying the Company’s development direction and timeline according to its specific condition. It intends to consolidate its foundation by deep cultivation of existing operations and mergers and

acquisitions of quality public utility projects, proactively study the national layout in public utilities, energy and other industries, seek to cultivate new industrial projects and maintain sustainable and stable development of the Company's business.

3. Strengthening the information disclosure and investor relations management, and protecting the image of the Company in the capital market.

The Board of the Company will continue to focus on the disclosure of information and management of investor relations, strictly comply with the relevant regulatory requirements to make information disclosure, promptly fulfill the responsibilities of disclosure, guarantee the information disclosure in a truthful, precise and complete manner, continuously enhance the transparency and promptness of information disclosure of the Company, strictly implement the insider information management system, strengthen the management of inside information, and improve the consciousness of compliance and confidentiality of relevant personnel. The Company will continue to strengthen communication with investors through multiple channels and in various levels to deepen investors' understanding and recognition to the Company, which will facilitate the long-term and stable interaction between the Company and investors.

4. Learning from leading enterprises in the industry to continuously enhance the operation and management level.

With the increasingly intensified market competition, learning from leading enterprises has gradually become a key management approach for the process reengineering, continuous improvement and establishment of core competitive advantages of the Company. The Company shall organize each business segment to identify and analyze the shortage from the industrial leading enterprises, and then learn their advanced management experience to solve problems and weakness in management. The Company shall keep improving management by tapping the potential inward to promote the Company's high-quality endogenous development driver.

5. Focusing on talent development and reserve, and promoting the strategy of reinforcing the enterprise by talents.

In 2021, the Company will strengthen the talent team development, integrate introduction and independent cultivation of talents, select and cultivate talent reserves, proactively explore the medium and long-term employee incentive, enhance the cohesion of the enterprise. In addition, the Company will rejuvenate the operation and management team, gradually form the excellent talent team with “compound operation and international strategy”, implement more favorable innovative talent introduction policy, and cultivate professional and international talents.

Confronted with the severe and complicated domestic and foreign economic situations in 2021, the Board of Directors of the Company will continue to display its core position in the corporate governance, proactively respond to COVID-19 and various uncertainties brought by the external business environment, adhere to the industrial development path of “simultaneous development of public utility and financial investment businesses”, and objectively master the macro and industrial development situations, so as to achieve sustainable growth in the scale and benefits in accordance with the operation plan formulated at the beginning of year, and strive to return Shareholders with good performance.

The work report of the Supervisory Committee for the year ended 31 December 2020 are as follows:

In 2020, in strict compliance with the Company Law, the Securities Law, the relevant Rules Governing the Listing of Securities on the Shanghai Stock Exchange and The Hong Kong Stock Exchange, the Articles of Association and the Rules of Procedures for the Supervisory Committee, with an aim to protect the interests of the Company and Shareholders in a diligent manner, all members of the Supervisory Committee continuously tracked on and effectively supervised the legal and compliant operation, major business decision-making procedures, business, financial position and internal management mechanism of the Company, as well as the performance of duties by the Directors and senior management of the Company by convening meetings of the Supervisory Committee, and attending the Board meetings and Shareholders' general meetings, which effectively safeguarded the interests of the Company and Shareholders as a whole. The report on the major works of the Supervisory Committee during the Reporting Period is as follows:

I. OPERATION OF THE COMPANY ACCORDING TO LAW

In 2020, the Supervisory Committee of the Company gave full play to its role of supervision and inspection. During the Reporting Period, it earnestly performed the supervisory duty, conducted comprehensive supervision and inspection on the operation, management and financial reports of the Company, as well as the legal compliance of the performance of duties by the Board of Directors and senior management. The Supervisory Committee of the Company played an active role in promoting the standardized operation and healthy development of the Company, and effectively protected the legitimate rights and interests of the Company and its Shareholders and employees.

The Supervisory Committee believed that, during the Reporting Period, in accordance with laws and regulations, such as Securities Law and the Company Law, as well as the Rules of Procedures for the Supervisory Committee and the Articles of Association, the Company established a sound internal management and internal control mechanism with legitimate and effective major business decision-making procedures and regulated operation. The decision-making procedures for the convening, holding, submitting proposal and voting of the Board and general meeting of the Company were in compliance with the relevant provisions.

The Board earnestly implemented various resolutions of the shareholders' general meetings with the standard operation and legitimate decision-making procedures, and safeguarded fundamental interests of Shareholders and the Company during the decision-making on material issues. In 2020, the Directors and senior management of the Company worked in a prudent and compliance manner, and made unremitting endeavors to the sustainable and healthy development of the Company. During the Reporting Period, the Board was able to earnestly fulfill its information disclosure obligations, with timely, regulated, true, accurate and complete information disclosures free from false information, serious misleading statements or major omissions, and no leakage of inside information occurred. The Supervisory Committee found no violations of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures of the Supervisory Committee, and actions that were detrimental to the interests of the Company and its Shareholders by the Directors or senior management during the performance of duties.

II. SUPERVISION ON FINANCIAL ACTIVITIES

In 2020, the Supervisory Committee performed the duties of supervision and inspection on the financial operation by proactively convening meetings, and earnestly reviewed regular reports and audit reports issued by the accounting firm. The Supervisory Committee believed that, the Company had complete internal financial management system and good financial conditions, strictly implemented the national accounting rules, accounting standards, accounting system and relevant regulatory requirements, and guaranteed the legal compliance of the operation of the financial system of the Company. All the financial reports of the Company reflected the financial position and operating results in an objective and authentic manner without false representations, misleading statements, material omissions, or any violation of confidentiality regulations by the staff participating in the formulation and deliberation of regular reports.

During the Reporting Period, BDO China Shu Lun Pan Certified Public Accountants LLP issued 2020 "standard unqualified" audit report and reflected the financial conditions and operating results of the Company for the year 2020 in an objective, fair, true and just manner.

III. MEETINGS OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee held 7 meetings in total. The main subjects for the meetings were:

1. The twentieth meeting of the tenth session of the Supervisory Committee was held at meeting room, 9/F, 1515 Zhongshan West Road, Shanghai, PRC on 30 March 2020. The meeting was presided over by Mr. Yang Jicai, the Chairman of the Supervisory Committee and all three eligible Supervisors attended the meeting in person. The meeting was in compliance with relevant regulations of the Company Law and the Articles of Association. The meeting was lawful and effective. The meeting considered and approved the Work Report of the Supervisory Committee for the Year 2019, Final Financial Report for the Year 2019 and the Financial Budget Report for the Year 2020, Full Text and Summary of 2019 Annual Report, Profit Distribution Plan for the Year 2019, Report on Internal Control Evaluation of the Company for the Year 2019, Resolution on the 2020 Daily Related Party Transactions of the Company, Resolution on the Application of Credit Facilities of the Company for the Year 2020, Resolution on the Provision of Guarantees of Controlled Subsidiaries by the Company for the Year 2020 with respect to their external financing, Resolution on entering into the loan mutual guarantee with the controlling shareholder and connected transactions, Resolution on the Proposal for Company and its Subsidiaries to Use Idle Funds for Entrusted Financing for the Year 2020, Resolution on the Re-appointment of the Domestic Audit Firm and Internal Control Audit Firm for the Company for the Year 2020, Resolution on the Re-appointment of the Overseas Audit Firm for the Company for the Year 2020, Resolution on Issuance of Domestic and Overseas Debt Financing Instruments, Resolution on Provision for Impairment of Intangible Assets, Resolution on Election of New Session of the Supervisory Committee of the Company, Resolution on the Amendments to the Rules of Procedures for the General Meeting, and Resolution on the Amendments to the Rules of Procedures for the Supervisory Committee.
2. The twenty-first meeting of the tenth session of the Supervisory Committee was held on 29 April 2020 by way of communication voting, which considered and approved the 2020 First Quarterly Report of Dazhong Public Utilities.

3. the first meeting of the eleventh session of the Supervisory Committee was held at meeting room, 9/F, 1515 Zhongshan West Road, Shanghai on 22 June 2020. Three Supervisors should attend and all of them were present in person at the meeting. The meeting was chaired by Mr. Zhuang Jianhao, which was in compliance with relevant laws and regulations, and the Articles of Association. The meeting was lawful and effective. The meeting considered and approved the Resolution on the election of the Chairman for the eleventh session of the Supervisory Committee, and the Resolution on the appointment of the Secretary of the eleventh session of the Supervisory Committee.
4. the second meeting of the eleventh session of the Supervisory Committee was held at meeting room, 9/F, 1515 Zhongshan West Road, Shanghai on 28 August 2020. Three Supervisors should attend and all of them were present in person at the meeting. The meeting was chaired by Mr. Zhuang Jianhao, which was in compliance with relevant laws and regulations, and the Articles of Association. The meeting was lawful and effective. The meeting considered and approved the Operational Work Report of the Company for the First Half of 2020, Full Text and Summary of 2020 Interim Report of the Company, and Resolution on the Changes in Accounting Estimates of Subsidiaries.
5. the third meeting of the eleventh session of the Supervisory Committee was held on 14 September 2020 by way of communication voting. Three Supervisors should attend and two of them were present in person for voting (a connected Supervisor abstained from voting). The meeting was convened in compliance with the relevant laws, regulations and the Articles of Association, which was lawful and effective. The meeting considered and approved Resolution on the transfer of the Company's partial subscription amount in the shareholding fund to Dazhong Transportation (Group) Co., Ltd.* (大眾交通(集團)股份有限公司).
6. the fourth meeting of the eleventh session of the Supervisory Committee was held on 30 October 2020 by way of communication voting, which considered and approved the 2020 Third Quarterly Report of Dazhong Public Utilities.

7. the fifth meeting of the eleventh session of the Supervisory Committee was held on 3 December 2020 by way of communication voting. Three Supervisors should attend and all of them were present in person for voting. The meeting was convened in compliance with the relevant laws, regulations and the Articles of Association, which was lawful and effective. The meeting considered and approved Resolution on the change of use of proceeds raised from H Shares.

IV. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY FOR THE YEAR 2020

1. Acquisition and sale of assets by the Company

In 2020, the Board of Supervisors supervised and inspected the acquisition and sale of assets by the Company. The Board of Supervisors deemed that, during the Reporting Period, the acquisition and sale of assets by the Company complied with relevant laws, rules of the Company Law and the Securities Law, as well as requirements of the Articles of Association, which were in line with the demands of the Company's development strategy and production and operation development with fair transaction price and legitimate decision-making procedures without any insider trading or behavior that impairs the rights and interests of certain Shareholders or causes loss of assets of the Company.

2. External guarantee by the Company

In 2020, relevant resolutions on the external guarantee were implemented upon consideration and approval by the Board of Directors and Shareholders in the general meeting in accordance with relevant laws, regulations and the Articles of Association. During the Reporting Period, the decision-making procedures for accumulative and current external guarantee of the Company complied with relevant laws, regulations and the Articles of Association with adequate and complete information disclosure without any behavior that would impair the interests of the listed company and its Shareholders. The Company strictly controlled risks in the external guarantee without any possibility of contingent joint liability for external guarantee, nor violation of provisions of Zheng Jian Fa [2003] No.56, Zheng Jian Fa [2005] No.120, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and etc..

3. Connected transactions of the Company

In 2020, the Board of Supervisors of the Company supervised and inspected the significant connected transactions of the Company during the Reporting Period. The Board of Supervisors deemed that, during the Reporting Period, connected transactions between the Company and connected parties complied with the market-oriented principle with adequate basis for pricing and fair price, and all the connected transactions followed relevant deliberation and disclosure procedures in line with the principle of “fairness, justice and openness”. The information was disclosed in a prompt and adequate manner in compliance with the relevant laws, regulations and the Articles of Association without any behavior that would impair the interests of the Company and its shareholders.

4. Change of purposes of proceeds from H-shares

In order to improve the usage benefit and investment return of the proceeds, the Board of Supervisors agreed to adjust the original plan for the use of proceeds upon re-measurement and evaluation of the original projects invested with the proceeds according to actual situations of the investment project of the proceeds, changing the original 25% of proceeds for “investment in other public utility businesses” to “investment in equity projects in relation to public utility industry chain”, in order to participate in the relevant links of the extended industry chain based on the public utility industry, for the interaction with the Company’s public utility business, and the realization of significant growth of its main business on public utility projects.

5. Appointment of domestic and foreign accounting firms

During the Reporting Period, the Board of Supervisors agreed to engage BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) as the Company’s domestic auditor for 2020, and BDO Limited as the overseas auditor of the Company for 2020. The two auditors have strong professional competence and diligence in duty performance. The standard audit reports with unqualified opinion issued by the two auditors are objective and fair, supporting that the financial reports of the Company can give a true and accurate view of the Company’s financial position and operating results.

6. Appointment of internal control audit firm for the Company

During the Reporting Period, the Supervisors Committee agreed to appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the internal control audit firm for the Company for the year 2020. BDO China Shu Lun Pan Certified Public Accountants LLP holds audit qualification for securities and futures-related businesses. It currently provides financial audit services for the Company, and understands the operating status and financial condition of the Company. BDO China Shu Lun Pan Certified Public Accountants LLP fulfilled effectively the responsibilities that the auditors should perform, and completed their internal control audit for the Company for 2020 independently, objectively and impartially.

7. Implementation of resolutions of general meetings

During the Reporting Period, the Board of Supervisors supervised the implementation of resolutions of general meetings. the Board of Supervisors deemed that the Board of Directors could earnestly fulfill the relevant resolutions of the general meetings. the Company has a comprehensive and independent business and self-operation capability. the controlling shareholders of the Company has highly regulated themselves and exercised their rights as investors at the general meeting, and has not directly or indirectly interfered with the decision making and business activities of the Company beyond the general meeting.

8. Opinions on changes in accounting estimate of subsidiaries

During the Reporting Period, the Company's subsidiary correspondingly adjusted the accounting estimates. The Board of Supervisors considered that the accounting estimates made by the Company's subsidiary complied with relevant regulations of the Ministry of Finance and actual situations of the Company without impairing the interests of the Company and all the Shareholders.

9. Information disclosure of the Company

During the Reporting Period, the Supervisory Committee continuously supervised the internal approval procedures of information disclosure of the Company. The Supervisory Committee considered that the Company attached great importance to the standardization of information disclosure. In strict accordance with the regulatory provisions of China and Hong Kong and the requirements of the Articles of Association, Administrative Measure on Information Disclosure and Insider Registration Management and Confidentiality System on Inside Information, the secretary of the Board and the Board office of the Company are responsible for the disclosure of information and management of investor relations. The Company provided timely, accurate, true, complete and fair information for investors, so that investors could have a more objective and comprehensive understanding on the Company, which was conducive to improving the reputation and image of the Company in the capital market, and guaranteeing the timeliness and consistency of information disclosure at A+H listing places.

10. Internal control of the Company

During the Reporting Period, the Board of Supervisors supervised and inspected the appraisal report on internal control and the development and operation of the internal control system of the Company for 2020 in a prudent manner, and deemed that the Company had established and effectively implemented complete internal control system. The appraisal reports on the internal control of the Company gave an authentic and objective reflection of the development and operation of the internal control system of the Company. The internal control system of the Company effectively enhanced the management level and risk prevention capability of the Company, and ensured the legal compliance of operation and management, asset safety, and authenticity, accuracy and integrity of financial reports and relevant information.

V. WORK PROSPECTS FOR 2021

In 2021, the Board of Supervisors of the Company will fulfill the duty of supervision in a faithful and diligent manner in strict accordance with requirements of relevant laws, rules and the Articles of Association including the Securities Law, the Company Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Hong Kong Listing Rules and the Rules of Procedures for the Supervisory Committee of the Company, in order to further enhance the standardized operation of the Company. The Board of Supervisors will be present at the Board meetings, general meetings and relevant office meetings, promptly master the legal compliance of significant decisions and various decision-making procedures, regularly carry out financial inspection, protected and maintained the interests of the Company and its shareholders. Meanwhile, it will continue to strengthen self-study, keep abreast of the requirements of the latest regulatory rules by attending relevant training organized by regulatory authorities and the Company, gave full play to the functions of supervision and inspection of the Board of Supervisors, and established long-term mechanism for standardized governance.

The final financial report for the year 2020 and the financial budget report for the year 2021 of the Company are as follows:

I. KEY FINANCIAL INDICATORS FOR 2020

(Prepared in accordance with the 2020 final consolidated financial statements of the Company)

Currency: RMB

Indicator	Unit	2020	2019	Changes (%)
Revenue	RMB'000	4,952,510	5,609,649	(11.71)
Total profit	RMB'000	778,447	689,463	12.91
Net profit	RMB'000	594,342	633,531	(6.19)
Net profit attributable to owners of the parent company	RMB'000	515,231	526,473	(2.14)
				Decreased by 0.9 percentage points
Weighted average return on net assets	%	6.25	7.15	7.38
Net assets per share	RMB	2.91	2.71	(2.13)
Earnings per share	RMB	0.1745	0.1783	(65.50)
Net cash flows from operating activities per share	RMB	0.1424	0.4127	

II. FINANCIAL CONDITION OF THE COMPANY IN 2020

1. Asset structure of the Company

As of 31 December 2020, total assets of the Company amounted to RMB23,263,208,000, representing an increase of RMB1,026,043,000 as compared with RMB22,237,165,000 at the beginning of the year. Among the total assets of the Company, current assets amounted to RMB8,734,135,000, representing an increase of RMB1,904,641,000 as compared with RMB6,829,494,000 at the beginning of the year, in which trade and bill receivables increased by RMB153,552,000, financial assets at amortised cost increased by RMB272,031,000, financial assets at fair value through other comprehensive income decreased by RMB366,191,000, financial assets at fair value through profit or loss increased by RMB2,744,650,000 and cash and cash equivalents decreased by RMB852,228,000 as compared with that at the beginning of the year. Current assets accounted for 37.54% of total assets, representing a increase of 6.83 percentage points as compared with 30.71% at the beginning of the year. Non-current assets amounted to RMB14,529,073,000, representing a decrease of RMB878,598,000 as compared with RMB15,407,671,000 at the beginning of the year, in which property, plant and equipment increased by RMB126,905,000, intangible assets decreased by RMB47,179,000, investments in associates decreased by RMB780,325,000, financial assets at amortised cost increased by RMB93,629,000, lease receivables decreased by RMB214,159,000 and

amounts due from grantee decreased by RMB40,561,000 as compared with that at the beginning of the year. Non-current assets accounted for 62.46% of total assets, representing a decrease of 6.83 percentage points as compared with 69.29% at the beginning of the year.

In the industry distribution of long-term investment of RMB10,788,034,000 of the parent in 2020, transportation industry amounted to RMB1,940,959,000, accounted for 18% of total investments of the Company; gas industry assets amounted to RMB2,424,595,000, accounted for 22.47% of total investments of the Company; municipal and environmental amounted to RMB612,600,000, accounted for 5.68% of total investments of the Company; financial investment amounted to RMB5,236,886,000, accounted for 48.54% of total investments of the Company; other investments amounted to RMB572,994,000, accounted for 5.31% of total investments of the Company.

2. Assets and liabilities and solvency

As of 31 December 2020, total liabilities of the Company amounted to RMB13,443,309,000, representing an increase of RMB398,778,000 as compared with RMB13,044,531,000 at the beginning of the year. Gearing ratio was 85.54%, representing an increase of 3.22 percentage point as compared with 82.32% of the previous year. Guarantees for controlled subsidiaries amounted to RMB1,750,613,000, accounted for 20.39% of net assets of the Company. Among which, current liabilities amounted to RMB8,831,101,000, representing an increase of RMB525,629,000 as compared with that at the beginning of the year, which was mainly attributable to the increase of the current portion of borrowings.

3. Asset profitability

In 2020, the Company's return on net assets was 6.25%, representing a decrease of 0.9 percentage point as compared with 7.15% of the corresponding period of the previous year.

4. Operating results of the Company

In 2020, the Company recorded a total revenue of RMB4,952,510,000, representing a decrease of 11.71% as compared with RMB5,609,649,000 of the corresponding period of the previous year. Consolidated total profit amounted to RM778,447,000; consolidated net profit amounted to RMB594,342,000; and net profit attributable to owners of the parent company amounted to RMB515,231,000, representing an increase of 12.91% and a decrease of 6.19% and 2.14%, respectively, as compared with that of the corresponding period of the previous year.

5. The operation of major business segments of the Company

(1) *Transportation sector*

In 2020, facing the pandemic, Dazhong Transportation actively overcame the adverse factors. On one hand, it focused on scientific innovation to reduce costs and improve efficiency, through the new model of flat management, optimized licenses and vehicle resources and built the business platform of “big travel and big service”, to form an in-depth cooperation model of travel services for medium and high-end customers. On the other hand, through providing free cars to the families of Shanghai medical team aiding Hubei Province, and the emergency transportation of security goods for governmental departments, medical institutions and caring enterprises, it courageously assumed the social responsibilities. In 2020, it recorded total revenue of RMB2.639 billion, successfully completing its business target.

In 2020, Dazhong Run overcame difficulties, persistently did a good job in epidemic prevention and control, and precisely implemented the policy of work and production resumption. The 96811 “cloud service platform” successfully completed the dispatching tasks for various security, pandemic prevention materials transportation and other needs. While operating the regular businesses of freight transportation, moving, Dazhong supply chain, 96811 platform etc., Dazhong Run proactively explored and innovated, as well as increased its efforts in operation management, human resources, information construction, marketing and brand promotion. It achieved a revenue of RMB114 million in 2020.

(2) *Gas sector*

In 2020, Shanghai Dazhong Gas adhered to the core policy of “Party building leading, strong guarantee, high-quality service, professional and efficient supply, and technology promotion”, and made every effort to ensure the safe and stable supply of gas in the service areas, and all key tasks were gradually and effectively promoted after the resumption of work. It achieved a revenue of RMB3.209 billion in 2020.

In 2020, Nantong Dazhong Gas completed all key projects on time given satisfactory disease prevention and control, and intensified its efforts in ensuring gas supply, safety management and optimizing business environment. The Company won many honors such as the advanced unit for open and democratic management of factory affairs in the whole province and the advanced collective for system safety production of Nantong Municipal Bureau of Landscape Architecture. It achieved a revenue of RMB1.084 billion in 2020.

In 2020, Suchuang Gas formally signed a contract with Taicang Port Group, mainly for follow-up cooperation on LNG tank import and gas filling station business, and signed a strategic cooperation framework agreement with the Huayang Maritime Center on maritime gas filling business. The Company actively expanded its gas filling station business and vigorously developed logistics users. Its LNG sales increased significantly throughout the year.

In 2020, although Jiangyin Tianli Gas Co., Ltd. was affected by the epidemic at the beginning of the year, it resumed work rapidly in Jiangyin, Jiangsu Province since March, and some chemical enterprises quickly switched to the production of raw materials needed for meltblown cloth and some large enterprises in Jiangyin changed from coal to gas. The sales volume of gas increased greatly, and exceeded the level of the same period last year.

(3) *Municipal and environmental sector*

In 2020, Shanghai Dazhong Jiading Sewage Co., Ltd. took the standard discharge as the bottom line and optimized production and operation; expanded the way out for sludge disposal and actively consumed the existing sludge; strengthened the responsibility for safe production to ensure the normal operation of equipment; intensified environmental compliance management and strictly regulated the use and disposal of hazardous chemicals. Meanwhile, Shanghai Dazhong Jiading Sewage Co., Ltd. actively pushed forward the governmental project construction, and steadily promoted the progress of sludge-drying project (phase II), dredging sludge project and sewage treatment project (phase IV), etc. In 2020, a total of 61.7132 million tons was disposed with average of 168,600 tons per day.

In 2020, Jiangsu Dazhong intensified efforts to improve internal management, based on the requirements of comprehensive reform and the goal of stable operation and development, to preliminarily achieve the cost control. In terms of ensuring safe production and meeting emission standards, it strengthened the operation management, adjusted process operation parameters in time, and implemented safety production responsibility and training to ensure the normal operation of sewage treatment facilities. In 2020, a total of 81.6406 million tons was disposed with average of 223,100 tons per day.

Xiangyin Road Tunnel, a municipal project invested in and constructed by the Company, operates efficiently and safely, with stable franchise income. In 2020, it received a franchise subsidy RMB87.41 million.

(4) Financial Investment Sector

In 2020, the stocks, bonds and funds invested by Dazhong Hong Kong were less affected by the epidemic, and the interest payment of bonds and bond funds was normal. The company has successively completed the IPO subscription of Zhengrong Service and Jiaying Gas in Hong Kong, invested in Pengruili Project through the subscription of BC Capital, and completed the investment in Blue Moon IPO Project. Next, it will continue to pay close attention to the progress of the epidemic and the international economic trend, actively respond to reduce the impact of the epidemic on business, and explore more investment opportunities in due course.

In 2020, Dazhong Financial Leasing overcame the COVID-19's impact and continued to unswervingly push forward the transformation of its business model. It focused on the two key areas of "consumer finance and platform finance" to expand its business, and the two areas accounted for 70% of its overall business. The "pandemic prevention and control ABS" was successfully issued on the Shanghai Stock Exchange, and was oversubscribed by 3.6 times. The capital market continues to be optimistic about Dazhong Financial Leasing. The mobile phone instalment business won the most valuable award in the Shanghai financial industry – the "2020 Shanghai Financial Innovation Award". In 2020, it received a revenue of RMB129 million.

In 2020, facing stricter supervision of the payment industry, tighter development channels and in-depth reform of the entire industry, Dazhong Commerce continued to maintain a positive business attitude. The company further optimized the structure of offline merchants, and actively developed app-based online application scenarios. As always, the Company strengthened its compliance work in policy implementation, technology development, system security and other aspects, which has been affirmed by the management organization. At the same time, it strived to maximize the company's profits by reducing costs and increasing efficiency.

In 2020, Shenzhen Capital Group Co., Ltd., in which the Company has participated, ranked first in the domestic venture capital industry in terms of the number of enterprises and the number of listed enterprises invested by Shenzhen Capital. The Company has become the first batch of venture capital companies with the largest number of invested enterprises listed on the sci-tech innovation board. In 2020, Shenzhen Capital invested in 8 enterprises listed on sci-tech innovation board.

In 2020, the projects invested by Huacan Fund, such as Century Huatong, Taihe Water, Kede Education and Qianfang Technology, which the Company joined, maintained steady growth in operation, among which Taihe Water Project passed the review of the CSRC on its IPO application in October 2020 and was listed on February 9, 2021. The Jiangyin Runma Electric Materials Co., Ltd. invested in by Dacheng Huicai (Shenzhen) Industry Partnership (Limited Partnership) in which the Company held a stake, has entered the application stage for sci-tech innovation board. The Huahai Qingke Co., Ltd. had officially submitted the listing materials on the sci-tech innovation board. The Tianbao HSBC Fund, in which the Company held a stake, actively carried out refinancing business of listed companies, including private placement, rights issue and convertible bonds, and successively subscribed private placement from China Salt Chemical, China Academy of Building Research and Guofeng Plastic Industry.

III. FINANCIAL BUDGET OF THE COMPANY FOR THE YEAR 2021

In 2021, the Company will continue to adhere to the enterprise development strategy of “simultaneous development of public utility and financial investment”, penetrate Shanghai and reach out to the Yangtze River Delta. The Company will strengthen the main business of public utilities and build a leading group enterprise of urban public utilities service in the Yangtze River Delta based on the “Dazhong” brand service. At the same time, the Company will operate in strict accordance with the regulatory requirements of Shanghai and Hong Kong, focus on strengthening the ability of centralized management and control of the Company’s information construction and the effective implementation of the integration of business and finance, and constantly improve the performance appraisal mechanism of all subsidiaries and functions, so as to ensure the steady development of the Company’s business in each sector.

1. Operation target

The principal business and profit of the Company in 2021 are to maintain steady growth.

The main operation targets for each sector are as follows:

(1) *Transportation*

In 2021, Dazhong transportation will adapt to market changes, move forward with the trend, and focus on reform, digital mass, service improvement and brand leading. On the one hand, the Company will be committed to epidemic prevention and control, on the other hand, it will strive to expand market and increase business volume. It will continue to uphold the core thought of “customer-centered and promoting development through reform” and devote itself to change, innovation and development, so as to capture the work keynote of seeking progress while maintaining stability, and achieve a good start of the Company’s “14th Five Year Plan”.

(2) *Gas sector*

In 2021, the gas plate will concentrate resources to help development. The growth of gas main business will focus on the upstream and downstream and domestic and international extension of main business, expanding the gas industry chain from unitary sales of piped natural gas to natural gas source, project construction and LNG sales. The Company will strive to form an industrial layout with mutual support of resource control, marketing and industrial services as soon as possible, and continuously improve the core competitiveness of the Group’s gas business.

(3) *Municipal and environmental sector*

In 2021, the municipal and environmental sector will continue to follow the national green development strategy and the Yangtze River Delta integration strategy with water investment and operation as the core, to fully exploit the existing resources and expand the scale of production and operation. The Company's environment sector will go beyond the sewage treatment business to expand other environment markets such as solid waste and soil remediation, so as to broaden the business scope and look for new growth points. As to Xiangyin Road tunnel, the Company will continue to complete the daily operation & management and security guarantee.

(4) *Financial investment sector*

In 2021, with respect to proprietary finance industry, Dazhong Financial Leasing will continue to unswervingly promote the business model transformation and expand its business around the two principles of "consumer finance and platform finance". Dazhong Commerce will further optimize the structure of offline merchants and improve online payment experience. In terms of investment business, the Company will make full use of the expertise of the investment platform acquired, share its stable performance, increase cooperation with the platform, and strengthen the research and planning of high-quality projects such as consumption, new energy and high technology.

2. Financing target

In 2021, the Company will carry out the main credit rating and bond credit rating and maintenance, and have a real-time insight into the dynamics of the financial industry. At the same time, the Company will constantly broaden the financing channels, flexibly apply various financing tools, and improve the ability of capital liquidity management, so as to meet the needs of the Company in terms of short-term turnover, debt repayment, and allocation of funds for key investment projects. The Company will continue to optimize the operation of its capital pool and improve the efficiency of capital use through dynamic management of its liquidity and other measures.

3. Investment target

In 2021, the Company will strengthen the foundation with the two main businesses of gas and sewage as the core and constantly improve the quality and efficiency by actively following top enterprises in the industry. At the same time, the Company will focus on the principle of "persist in innovation and steady development", study the national planning in public utilities, energy and other industries, seek to cultivate new industrial projects, and maintain the sustainable development of the Company.

In 2021, the Company will further boost the momentum for sustained development, optimize and improve the management system and strictly meet the demanding requirements for governance level of the Company and the high standards for regulations in two places with the social and economic dynamics in mind. Moreover, the Company will persist in innovation and steady development and reward the shareholders and the society with good business performance.

The profit distribution proposal of the Company for the year 2020 is as follows:

In 2020, the Company attained a consolidated net profit attributable to owners of the parent company of RMB515,231,000. The parent company's profit after tax amounted to RMB198,847,000. According to the Company Law and the Articles of Association, the Company's distribution plan is as follows:

Based on the net profit of the parent company in 2020, a 10% statutory reserve in the amount of RMB19,885,000 is provided, with the addition of the undistributed profit of the parent company carried over from 2019 in the amount of RMB1,125,954,000, less the distributed profits amount of RMB177,146,000 in 2019, the total distributable profits amounted to RMB1,127,770,000. Based on the total share capital of 2,952,434,675 shares as the end of 2020, a proposed cash dividend of RMB0.55 (tax inclusive) for every 10 shares or a total profit of RMB162,384,000 will be distributed. The undistributed profit of RMB965,386,000 shall be outstanding for distribution next year.

Pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Party Transactions of Companies Listed on the Shanghai Stock Exchange (《上海證券交易所上市公司關聯交易實施指引》), and taken into consideration of the operating requirements of the Company, the ordinary related party transactions of the Company and its subsidiaries for 2021 are expected as follows:

- (1) the estimated daily connected transactions including the acquisition of natural gas, LNG and engineering construction from Shanghai Gas, etc. by the Company's subsidiaries including Shanghai Dazhong Gas and Nantong Dazhong Gas due to needs of daily operation.
- (2) the estimated daily connected transactions of the lease of office space from Shanghai Gas by the Company's subsidiary, Shanghai Dazhong Gas, due to needs of daily operation.
- (3) the estimated daily connected transactions of the lease of office space from Dazhong Building by the Company and its subsidiaries due to operational needs.
- (4) the estimated daily connected transactions of the lease of office space, acquisition of goods and services from the Company's subsidiary Dazhong Transportation and its controlled subsidiary Dazhong Auction due to needs of daily operation.
- (5) the estimated daily connected transactions of the operational, management and services provided by Dazhong Business Management and its controlled subsidiary Dazhong Hebin to the Company's property assets and their users as commissioned by the Company due to needs of daily operation.

I. ESTIMATED AMOUNT AND TYPES OF ORDINARY RELATED PARTY TRANSACTIONS

Type of currency: RMB Unit: RMB10 thousand

Name of connected parties	Type of connected transactions	Contents of connected transactions	Pricing mode of connected transactions	Estimated amount for 2021	Incurred amount for 2020
Shanghai Gas Co., Ltd. * (上海燃氣有限公司)	Purchase of raw materials from connected parties	Purchase of natural gas and LNG	Government pricing	350,000.00	256,540.99
Shanghai Gas Co., Ltd. * (上海燃氣有限公司)	Lease of assets from connected parties	Lease of office space	Fair market value	600.00	496.00
Shanghai Dazhong Building Co., Ltd. * (上海大眾大廈有限責任公司)	Lease of assets from connected parties	Lease of office space	Fair market value	800.00	680.79
Shanghai Dazhong Auctions Co., Ltd. * (上海大眾拍賣有限公司)	Lease of assets to connected parties	Lease of office space	Fair market value	200.00	90.83
Shanghai Dazhong Business Management Co., Ltd. * (上海大眾企業管理有限公司) and Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd. * (上海大眾河濱酒店經營管理有限責任公司)	Acceptance of labor service	Commission management of accepted labor services	Fair market value	300.00	228.53

II. BACKGROUND OF AND RELATIONSHIP WITH RELATED PARTY**(I) Background of related party**

Related party one — Shanghai Gas Co., Ltd.

1. Company name: Shanghai Gas Co., Ltd.
2. Nature of company: Limited liability company (sole proprietorship invested or controlled by a non-natural person)
3. Legal representative: Wang Zhehong (王者洪)
4. Registered capital: RMB1,000 million
5. Substantial shareholder: a wholly-owned subsidiary of Shenergy (Group) Company Limited.
6. Main business: Gas operation, construction, operation and management of gas infrastructure, gas equipment, gas appliances, etc.
7. Date of establishment: 27 December 2018
8. Address: Room 1009, 958 Lu Jia Zui Ring Road, China (Shanghai) Pilot Free Trade Zone
9. As of 31 December 2020, the total asset was RMB19,342,287,400, the net asset was RMB6,905,316,700. The revenue from principal business was RMB23,181,356,200 and the net profit was RMB780,051,100 (all of which are unaudited data).

Related party two – Shanghai Dazhong Building Co., Ltd.

1. Company name: Shanghai Dazhong Building Co., Ltd.
2. Nature of company: Limited liability company (joint venture between a foreign investment enterprise and a Chinese-funded enterprise)
3. Legal representative: Zhang Jing (張靜)
4. Registered capital: RMB200 million
5. Substantial shareholder(s): 100% of the shares held by Dazhong Transportation (Group) Co., Ltd.
6. Main business: Accommodation, self-owned premise leasing, conference services, etc..
7. Date of establishment: 17 October 1995
8. Address: 1515 Zhongshan West Road, Shanghai, PRC
9. As of 31 December 2020, the total asset was RMB281,101,200, the net asset was RMB270,660,300. The revenue from principal business was RMB41,626,700 and the net profit was RMB14,490,900 (all of which are unaudited data).

Related party three – Shanghai Dazhong Business Management Co., Ltd.

1. Company name: Shanghai Dazhong Business Management Co., Ltd.
2. Type of company: Other limited liability company
3. Legal representative: Zhao Siyuan (趙思淵)
4. Registered capital: RMB159 million
5. Substantial shareholder(s): Shanghai Dazhong Business Management Employee Share Ownership Committee
6. Main business: operation management and business management of taxi companies and related companies.
7. Date of establishment: 10 March 1995
8. Address: Room 182, Block S, Level 1, Building 3, No.7, Jiayi Industrial Zone, Qingpu Industrial Park Area, Shanghai
9. As of 31 December 2020, the total asset was RMB2,482,861,600, the net asset was RMB713,284,300. The revenue from principal business was RMB24,373,900 and the net profit was RMB20,792,800 (all of which are unaudited data).

Related party four — Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd.

1. Company name: Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd.
2. Type of company: Limited liability company
3. Legal representative: Mao Yisong (毛一鬆)
4. Registered capital: RMB2 million
5. Substantial shareholder(s): wholly-owned subsidiaries of Shanghai Dazhong Business Management Co., Ltd.
6. Main business: Hotel management (other than hotel operation), property management, etc..
7. Date of establishment: 18 July 2003
8. Address: Room 102, Building 3, 888 Changshou Road, Putuo District, Shanghai
9. As of 31 December 2020, the total asset was RMB6,009,900, the net asset was RMB4,209,500. The revenue from principal business was RMB3,229,700 and the net profit was RMB385,200 (all of which are unaudited data).

Related party five — Dazhong Transportation (Group) Co., Ltd.

1. Company name: Dazhong Transportation (Group) Co., Ltd.
2. Type of company: Joint stock limited company (Sino-foreign joint venture, listed)
3. Registered address: Floor 12, 1515 Zhongshan West Road, Xuhui District, Shanghai
4. Office address: Floor 22, 1515 Zhongshan West Road, Xuhui District, Shanghai
5. Legal representative: Yang Guoping (楊國平)
6. Registered capital: RMB2,364,122,864
7. Main business: Business management consultation, modern logistics, transportation (taxi, inter-provincial charter passenger transport), related vehicle maintenance (branch operation only), etc..
8. As of 31 December 2020, the total asset was RMB17,231,206,200, the net asset was RMB9,482,730,000. The revenue from principal business was RMB2,438,033,700 and the net profit was RMB535,374,900 (all of which are audited data).

(II) RELATIONSHIP WITH RELATED PARTY

1. As Shanghai Dazhong Gas is a subsidiary of significant importance to the Company and each of the Company and Shanghai Gas holds 50% of its shares, respectively, Shanghai Gas is a legal person holding more than 10% of the shares of a subsidiary of significant importance to a listed company, pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the purchase of natural gas, LNG and construction services by Shanghai Dazhong Gas and Nantong Dazhong Gas, both of which are subsidiaries of the Company, from Shanghai Gas and other parties, and the lease of office premises by Shanghai Dazhong Gas, a subsidiary of the Company, from Shanghai Gas constitute ordinary related party transactions.
2. As Shanghai Dazhong Building Co., Ltd. is a wholly-owned subsidiary of Dazhong Transportation (Group) Co., Ltd. and Mr. Yang Guoping, being the Chairman of the Board of the Company, Mr. Liang Jiawei, being a Director, and Ms. Zhao Siyuan, being a Supervisor, are also directors of Dazhong Transportation (Group) Co., Ltd., and the Company is the largest shareholder of Dazhong Transportation (Group) Co., Ltd., pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the lease of office premises by the Company and its subsidiaries from Dazhong Building, and the lease of office premises and purchase of goods and services by Dazhong Transportation, a subsidiary of the Company, and Shanghai Dazhong Auctions Co., Ltd., a controlled subsidiary of Dazhong Transportation, from the Company constitute ordinary related party transactions.
3. As Mr. Yang Guoping, being the Chairman of the Board of the Company, Mr. Liang Jiawei, being a Director, and Ms. Zhao Siyuan, being a Supervisor, are also directors of Dazhong Business Management, Dazhong Business Management is the largest shareholder of the Company, and Dazhong Hebin is a wholly-owned subsidiary of Dazhong Business Management, the engagement of Dazhong Business Management and Dazhong Hebin by the Company to operate, manage and offer services to the property assets of the Company and the users thereof constitute an ordinary related party transaction.

III. PRICING POLICIES FOR RELATED PARTY TRANSACTIONS

All of the transactions between the Company and its subsidiaries with related party were fair, honest and reasonable and were conducted as per the state pricing (if any) or the market fair value. The details are as follows:

1. The parties to the ordinary related party transactions regarding the purchase of natural gas, LNG and construction services by the subsidiaries of the Company including Shanghai Dazhong Gas and Nantong Dazhong Gas from Shanghai Gas and other parties shall determine the purchase and sale prices in accordance with the relevant regulations of the state and guidance of government authorities;
2. The parties to the ordinary related party transactions regarding the lease of office premises by Shanghai Dazhong Gas, a subsidiary of the Company, from Shanghai Gas shall determine the rent in accordance with market fair value;
3. The parties to the ordinary related party transactions regarding the lease of office premises by the Company and its subsidiaries from Dazhong Building shall determine the rent in accordance with market fair value;
4. The parties to the ordinary related party transactions regarding the lease of office premises and purchase of goods and services by Dazhong Transportation, a subsidiary of the Company, and Dazhong Auction, a controlled subsidiary of Dazhong Transportation, from the Company shall determine the rent in accordance with market fair value;
5. The parties to the ordinary related party transactions regarding the engagement of Dazhong Business Management and Dazhong Hebin, a controlled subsidiary of Dazhong Business Management, by the Company to operate, manage and offer services to the property assets of the Company and the users thereof shall determine the service fee in accordance with market fair value.

IV. PURPOSE OF RELATED PARTY TRANSACTIONS AND IMPACT ON THE COMPANY

The above related party transactions are all undertaken for normal operation requirements, and the sustainable and stable operation of the Company and its subsidiaries can be assured. The transactions will not jeopardise the interests of the Company and have no adverse impact on the current and future financial conditions, operating results and the independence of the Company.

APPENDIX VI	RESOLUTION ON THE APPLICATION OF BANK CREDIT FACILITIES OF THE COMPANY FOR THE YEAR OF 2021
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The details of the resolution on the application of bank credit facilities of the Company and its subsidiaries of 2021 are as follows:

Pursuant to the capital requirements for business development of the Company in 2021, the Company and its subsidiaries plan to apply for a total consolidated credit facility in the amount of not more than RMB18 billion (cumulative amount) (including foreign currency translation) from banks and other financial institutions in 2021, subject to the actual credit facilities approved by each financial institution in the end. The validity period shall begin from the date on which the resolution is considered and approved at the 2020 AGM to the date on which the next annual general meeting of the Company is held.

The types of consolidated credit facilities include but not limited to short-term working capital loans, medium and long-term borrowings, bank acceptance bills, guarantees, letters of credit, project loans and mortgage loans etc.. Conditions such as specific credit limits, financing amount, terms, interest rates and guarantee methods are subject to the final contract or agreement signed between the Company and the relevant financial institutions.

It is proposed to the general meeting by the Board to approve the Board to authorize the management of the Company to divide and adjust the credit limits for the applications to banks and other financial institutions within the aforesaid limits in accordance with the requirements for business development, determine the specific conditions for the application of credit facilities, such as cooperative financial institutions, interest rates and terms, and execute relevant agreements and other documents.

Pursuant to the relevant provisions of the Company Law of the People's Republic of China and the Notice on the Regulation of External Guarantees by Listed Companies (CSRC [2005] No. 120) jointly issued by the China Securities Regulatory Commission and China Banking Regulatory Commission, taken into consideration of the asset position of the Company as at the end of 2020 and the actual requirements for operation in 2021 and the future development of all controlled subsidiaries, following the principle of "reasonable allocation and effective use", the Company proposed following resolutions regarding to the external guarantees in 2021 is as follows:

I. OVERVIEW OF GUARANTEES

1. In 2021, the Company will provide guarantees for the financing businesses of Shanghai Dazhong Municipal Development Co., Ltd. (上海大眾市政發展有限公司), Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd. (上海翔殷路隧道建設發展有限公司), Shanghai Dazhong Environment Industry Co., Ltd. (上海大眾環境產業有限公司), Shanghai Dazhong Jiading Sewage Co., Ltd. (上海大眾嘉定污水處理有限公司), Jiangsu Dazhong Water Group Co., Ltd. (江蘇大眾水務集團有限公司), Xuzhou Fountainhead Sewage Co., Ltd. (徐州源泉污水處理有限公司), Peixian Fountainhead Water Operation Co., Ltd. (沛縣源泉水務運營有限公司), Lianyungang West Lake Sewage Co., Ltd. (連雲港西湖污水處理有限公司), Pizhou Fountainhead Water Operation Co., Ltd. (邳州源泉水務運營有限公司), Xuzhou Dazhong Water Operation Co., Ltd. (徐州大眾水務運營有限公司), Xuzhou Jiawang Dazhong Water Operation Co., Ltd. (徐州市賈汪大眾水務運營有限公司), Shanghai Dazhong Gas Co., Ltd. (上海大眾燃氣有限公司), Shanghai Dazhong Gas Investment Developing Co., Ltd. (上海大眾燃氣投資發展有限公司), Nantong Dazhong Gas Co., Ltd. (南通大眾燃氣有限公司), Shanghai Dazhong Group Capital Equity Investment Co., Ltd. (上海大眾集團資本股權投資有限公司), Shanghai Dazhong Assets Management Co., Ltd. (上海大眾資產管理有限公司), Shanghai Dazhong Financial Leasing Co., Ltd. (上海大眾融資租賃有限公司), Shanghai Dazhong Transportation Commerce Co., Ltd. (上海大眾交通商務有限公司), Shanghai Zhonggong Information Service Co., Ltd. (上海眾貢信息服務有限公司), Dazhong (Hong Kong) International Corporation Limited (大眾(香港)國際有限公司), Dazhong (Vietnam) International Co., Ltd. (大眾(越南)國際有限公司), Shanghai Dazhong Run Logistics Shares Co., Ltd. (上海大眾運行物流股份有限公司), Shanghai Ruyu Energy Investment Co., Ltd. (上海儒馭能源投資有限公司), Xuzhou Qingshanquan Dazhong Water Operation Co., Ltd. (徐州青山泉大眾水務運營有限公司), Shanghai Dazhong Run Supply Chain Management Co., Ltd. (上海大眾運行供應鏈管理有限公司), Fretum Construction & Engineering Enterprise Limited, Galaxy Building & Development Corporation Limited, Ace Best Investing Management Corporation Limited, Interstellar Capital Investment CO., Limited, Allpay (International) Finance Service Corporation Limited, Platinum Capital Investment Corporational Limited, Ultra Partner Limited, Century Charm Limited, Jiangsu Dazhong Environment Governance Co., Ltd. (江蘇大眾環境治理有限公司), Shanghai Dazhong Gas Pipeline Engineering Co., Ltd. (上海大眾燃氣管道工程有限公司), Shanghai Zhongju Equipment Leasing Co., Ltd. (上海眾聚設備租賃有限公司), Lianyungang

Dazhong Environment Governance Co., Ltd. (連雲港大眾環境治理有限公司), Shanghai Zhongzhu Information Technology Co., Ltd. (上海眾鑄信息科技有限公司) and new controlling subsidiaries during the year, with a maximum total guarantee amount of RMB10 billion (including foreign currency translation) and maximum guarantee balance of RMB5 billion (including foreign currency translation). The date and place of signing the guarantee agreement are determined in accordance with the requirements of the guaranteed party.

2. As the agreement has not yet been signed, the above approved limit of guarantee is only an estimate of the Company. The major terms of the specific guarantee agreement will be determined by mutual agreement between the Company and the guaranteed subsidiaries and the bank.

Where the guarantors are the same party, their guarantees to the guaranteed parties as stipulated in the guarantee proposal can be transferred to each other within the total amount of guarantee.

Where the guarantor is the same party, it may provide guarantee to parties other than the guaranteed party as stipulated in the guarantee proposal within the total guarantee amount for wholly-owned and controlled subsidiaries of the Company whose gearing ratio does not exceed 70%. The guarantees of Shanghai Dazhong Financial Leasing Co., Ltd., Shanghai Dazhong Gas Co., Ltd., Nantong Dazhong Gas Co., Ltd., Jiangsu Dazhong Water Group Co., Ltd. and its subsidiaries, Jiangsu Dazhong Environment Governance Co., Ltd., Shanghai Dazhong Jiading Sewage Co., Ltd., Shanghai Zhonggong Information Service Co., Ltd., Shanghai Dazhong Run Logistics Shares Co., Ltd. and its subsidiaries, Dazhong (Hong Kong) International Corporation Limited and its subsidiaries are not subject to the restriction of not exceeding 70% of gearing ratio under this paragraph.

The above limit adjustment can be carried out between wholly-owned subsidiaries or controlled subsidiaries. The guarantee amount of the Company can be adjusted between wholly-owned subsidiaries and controlled subsidiaries.

II. BASIC INFORMATION OF GUARANTEED PARTIES**(i) Shanghai Dazhong Municipal Development Co., Ltd.**

1. Company name: Shanghai Dazhong Municipal Development Co., Ltd.
2. Registered address: Room 2122, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Jin Bo (金波)
4. Business scope: Investment in municipal infrastructure projects such as various urban roads, highways, tunnels, bridges and airport runways, and the relevant ancillary facilities.
5. As of 31 December 2020: Total assets of RMB163,153,300, total current liabilities of RMB67,900, total liabilities of RMB67,900, and net assets of RMB163,085,400; for the year 2020: operating revenue of nil, and net profit of RMB-138,200.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(ii) Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd.

1. Company name: Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd.
2. Registered address: Room 2120, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Jin Bo (金波)
4. Business scope: Development of relevant industries for tunnels and operation of tunnels.
5. As of 31 December 2020: Total assets of RMB610,903,600, total non-current liabilities due within one year of RMB402,700, total current liabilities of RMB221,240,500, and total liabilities of RMB222,105,600, net assets of RMB388,798,000; for the year 2020: operating revenue of RMB14,852,500, and net profit of RMB47,971,200.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(iii) Shanghai Dazhong Environment Industry Co., Ltd.

1. Company name: Shanghai Dazhong Environment Industry Co., Ltd.
2. Registered address: Room 2121, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Investment in urban tap water supply and sewage treatment projects, investment in infrastructure of solid waste treatment projects, etc.
5. As of 31 December 2020: Total assets of RMB617,540,100, total current liabilities of RMB95,500, total liabilities of RMB405,500, and net assets of RMB617,134,500; for the year 2020: operating revenue of RMB16.75, and net profit of RMB102,474,600.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(iv) Shanghai Dazhong Jiading Sewage Co., Ltd.

1. Company name: Shanghai Dazhong Jiading Sewage Co., Ltd.
2. Registered address: 1720 Jialuo Road, Jiading District, Shanghai
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Collection and treatment of domestic sewage and industrial wastewater, etc.
5. As of 31 December 2020: Total assets of RMB737,233,300, total non-current liabilities due within one year of RMB71,592,100, total current liabilities of RMB96,066,600, total long-term borrowings of RMB211,576,600, total liabilities of RMB415,226,500, and net assets of RMB322,006,800; for the year 2020: operating revenue of RMB235,962,500, and net profit of RMB84,360,600.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(v) Jiangsu Dazhong Water Group Co., Ltd.

1. Company name: Jiangsu Dazhong Water Group Co., Ltd.
2. Registered address: Sanbahe, Qiaojiahu Village, Xuzhou, the PRC
3. Legal representative: Yang Weibiao(楊衛標)
4. Business scope: Design and construction of environmental engineering and water treatment engineering, operational management services, technical consultation, production and sales of recycled water, sales of construction materials and chemical products, operation of non-financial assets, construction, operation and management of photovoltaic power stations, property leasing, site leasing.
5. As of 31 December 2020: Total assets of RMB360,146,500, total short-term borrowings of RMB30,039,900, total current liabilities of RMB109,972,200, total liabilities of RMB158,895,200, and net assets of RMB201,251,300; for the year 2020: operating revenue of RMB96,592,600, and net profit of RMB29,499,600.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(vi) Xuzhou Fountainhead Sewage Co., Ltd.

1. Company name: Xuzhou Fountainhead Sewage Co., Ltd.
2. Registered address: Xuzhou Industrial Park (100 meters south of the intersection of National Highway 310 and National Highway 206)
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Collection, treatment and deep purification of sewage, operation services for sewage treatment and recycling of sewage.
5. As of 31 December 2020: Total assets of RMB29,786,500, total current liabilities of RMB14,267,900, total liabilities of RMB18,292,800, and net assets of RMB11,493,800; for the year 2020: operating revenue of RMB8,831,100, and net profit of RMB1,115,500.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(vii) Peixian Fountainhead Water Operation Co., Ltd.

1. Company name: Peixian Fountainhead Water Operation Co., Ltd.
2. Registered address: West of East Ring Road, Pei County, south of Yanhe Bridge
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Collection, treatment and deep purification of sewage.
5. As of 31 December 2020: Total assets of RMB78,267,100, total current liabilities of RMB43,593,700, total long-term borrowings of RMB6,000,000, total liabilities of RMB57,715,000, and net assets of RMB20,552,100; for the year 2020: operating revenue of RMB20,501,500, and net profit of RMB5,983,000.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(viii) Lianyungang West Lake Sewage Co., Ltd.

1. Company name: Lianyungang West Lake Sewage Co., Ltd.
2. Registered address: Southwest side of West Area, Donghai County Economic Development Zone
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Sewage treatment and recycling.
5. As of 31 December 2020: Total assets of RMB41,535,000, total current liabilities of RMB23,863,400, total liabilities of RMB28,768,500, and net assets of RMB12,766,600; for the year 2020: operating revenue of RMB10,146,400, and net profit of RMB2,422,100.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(ix) Xuzhou Dazhong Water Operation Co., Ltd.

1. Company name: Xuzhou Dazhong Water Operation Co., Ltd.
2. Registered address: Sanbahe Sewage Treatment Plant, Qiaojiahu Village, Xuzhou
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Collection, treatment and deep purification of sewage, operation services for sewage treatment and recycling of sewage, development, transfer, consultation and services of environmental protection technology.
5. As of 31 December 2020: Total assets of RMB67,285,000, total current liabilities of RMB3,513,700, total liabilities of RMB9,324,600, and net assets of RMB57,960,400; for the year 2020: operating revenue of RMB23,241,500, and net profit of RMB7,563,100.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(x) Xuzhou Jiawang Dazhong Water Operation Co., Ltd.

1. Company name: Xuzhou Jiawang Dazhong Water Operation Co., Ltd.
2. Registered address: Xuzhou Industrial Park (100 meters south of the intersection of National Highway 310 and National Highway 206), Jiangsu province, the PRC
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Collection, treatment and deep purification of sewage, operation services for sewage treatment and recycling of sewage.
5. As of 31 December 2020: Total assets of RMB53,437,900, total non-current liabilities due within one year of RMB nil, total current liabilities of RMB34,338,300, total liabilities of RMB36,058,000, and net assets of RMB17,379,900; for the year 2020: operating revenue of RMB11,295,400, and net profit of RMB5,235,900.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xi) Pizhou Fountainhead Water Operation Co., Ltd.

1. Company name: Pizhou Fountainhead Water Operation Co., Ltd.
2. Registered address: 500 meters east of Zhendong Village, Yunhe Town, Pizhou, the PRC
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Sewage treatment and operation.
5. As of 31 December 2020: Total assets of RMB48,501,100, total non-current liabilities due within one year of RMB nil, total current liabilities of RMB20,356,100, total liabilities of RMB27,303,500, and net assets of RMB21,197,500; for the year 2020: operating revenue of RMB16,690,400, and net profit of RMB6,406,300.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xii) Shanghai Dazhong Gas Co., Ltd.

1. Company name: Shanghai Dazhong Gas Co., Ltd.
2. Registered address: 309 Fushan Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
3. Legal representative: Zhuang Jianhao (莊建浩)
4. Business scope: Gas, natural gas, gas meters, gas equipment appliances, gas kitchen equipments, gas distribution, planning, design and construction of gas projects, construction of municipal public construction projects, professional construction of pipeline construction projects.
5. As of 31 December 2020: Total assets of RMB5,435,578,900, total short-term borrowings of RMB50,059.81, total current liabilities of RMB3,081,066,000, total liabilities of RMB3,800,781,600, and net assets of RMB1,634,797,300; for the year 2020: operating revenue of RMB3,209,456,000, and net profit of RMB57,779,100.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(xiii) Shanghai Dazhong Gas Investment Developing Co., Ltd.

1. Company name: Shanghai Dazhong Gas Investment Developing Co., Ltd.
2. Registered address: Room 1226, 2575 Hunan Road, Kangqiao Town, Pudong New Area (Kangqiao), Shanghai, the PRC
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Asset management, corporate management, domestic commerce, asset restructuring, asset custody and relevant business consultation, economic and trade information consultation, investment in urban public utilities such as gas, transportation, water and environmental protection, industrial investment.
5. As of 31 December 2020: Total assets of RMB172,582,700, total current liabilities of RMB101,800, total liabilities of RMB101,800, and net assets of RMB172,480,800; for the year 2020: operating revenue of RMB nil, and net profit of RMB14,920,200.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xiv) Nantong Dazhong Gas Co., Ltd.

1. Company name: Nantong Dazhong Gas Co., Ltd.
2. Registered address: No.59, Gongnong North Road, Nantong city, the PRC
3. Legal representative: Zhuang Jianhao (莊建浩)
4. Business scope: Production, distribution and supply of pipeline gas, supply of CNG, supply of liquefied petroleum gas, etc..
5. As of 31 December 2020: Total assets of RMB1,571,641,100, total current liabilities of RMB325,598,700, total liabilities of RMB1,116,062,300, and net assets of RMB455,578,800; for the year 2020: operating revenue of RMB1,084,412,400, and net profit of RMB66,642,600.
6. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xv) Shanghai Dazhong Group Capital Equity Investment Co., Ltd.

1. Company name: Shanghai Dazhong Group Capital Equity Investment Co., Ltd.
2. Registered address: Room 24A01, 518 Shangcheng Road, Pudong New Area, Shanghai, the PRC
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Equity investment, equity investment management, investment consultation, industrial investment, and asset management.
5. As of 31 December 2020: Total assets of RMB503,994,600, total liabilities of RMB29,614,700, and net assets of RMB474,379,900; for the year 2020: operating revenue of RMB nil, and net profit of RMB-37,338,800.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xvi) Shanghai Dazhong Assets Management Co., Ltd.

1. Company name: Shanghai Dazhong Assets Management Co., Ltd.
2. Registered address: Room 906, Building A, 169 Taigu Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Asset management, investment management, equity investment management, investment consultation, etc.
5. As of 31 December 2020: Total assets of RMB524,790,200, total current liabilities of RMB100, total liabilities of RMB100, and net assets of RMB524,790,100; for the year 2020: operating revenue of RMB nil, and net profit of RMB-375,500.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xvii) Shanghai Dazhong Financial Leasing Co., Ltd.

1. Company name: Shanghai Dazhong Financial Leasing Co., Ltd.
2. Registered address: Room 108, 26 Jiafeng Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Financial leasing business, leasing business, purchase of domestic and overseas leased property, treatment and maintenance of residual value of leased property, consultation and provision of guarantee for leasing transactions, engagement in commercial factoring business in relation to its main business.
5. As of 31 December 2020: Total assets of RMB2,127,114,800, total non-current liabilities due within one year of RMB775,144,100, total current liabilities of RMB1,254,843,500, total long-term borrowings of RMB149,952,000, total liabilities of RMB1,569,384,300, and net assets of RMB557,730,500; for the year 2020: operating revenue of RMB129,098,500, and net profit of RMB40,592,900.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(xviii) Shanghai Dazhong Transportation Commerce Co., Ltd.

1. Company name: Shanghai Dazhong Transportation Commerce Co., Ltd.
2. Registered address: Room 1112, 1515 Zhongshan West Road, Xuhui District, Shanghai
3. Legal representative: Li Weitao (李偉濤)
4. Business scope: Provision of corporate management consultation and planning and business information consultation through the membership card system of the Group, provision of a variety of management, planning, consultation and agent services in relation to employee benefits to units of the enterprise through the employee service card system, etc.
5. As of 31 December 2020: Total assets of RMB129,581,900, total current liabilities of RMB28,572,500, total liabilities of RMB28,572,500, and net assets of RMB101,009,400; for the year 2020: operating revenue of RMB2,328,300, and net profit of RMB452,200.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xix) Shanghai Zhonggong Information Service Co., Ltd.

1. Company name: Shanghai Zhonggong Information Service Co., Ltd.
2. Registered address: Room A1-5932, 58 Fuminzhi Road, Hengsha Township, Chongming County, Shanghai (Shanghai Hengtai Economic Development Zone)
3. Legal representative: Chen Jiami (陳佳敕)
4. Business scope: Business consultation, business management consultation, marketing planning, corporate image planning, exhibition services, financial consultation, translation services, market information consultation and survey, etc.
5. As of 31 December 2020: Total assets of RMB54,564,300, total current liabilities of RMB41,735,700, total liabilities of RMB42,705,400, and net assets of RMB11,858,900; for the year 2020: operating revenue of RMB3,642,400, and net profit of RMB1,578,400.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xx) Dazhong (Hong Kong) International Corporation Limited

1. Company name: Dazhong (Hong Kong) International Corporation Limited
2. Registered address: FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. Business scope: Passenger transportation services of rental cars, business and investment in relation to freight transport.
4. As of 31 December 2020: Total assets of RMB2,465,852,500, total short-term borrowings of RMB201,144,300, total current liabilities of RMB947,695,100, total liabilities of RMB947,695,100, and net assets of RMB1,518,157,300; for the year 2020: operating revenue of RMB nil, and net profit of RMB74,923,700.
5. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xxi) Xuzhou Qingshanquan Dazhong Water Operation Co., Ltd.

1. Company name: Xuzhou Qingshanquan Dazhong Water Operation Co., Ltd.
2. Registered address: Textile Industry Park, Qingshanquan Town, Jiawang District, Xuzhou, the PRC
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Sewage treatment and recycling and operation services.
5. As of 31 December 2020: Total assets of RMB41,956,900, total current liabilities of RMB18,559,500, total long-term borrowings of RMB8,985,000, total liabilities of RMB29,472,100, and net assets of RMB12,484,900; for the year 2020: operating revenue of RMB6,806,700, and net profit of RMB1,581,200.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxii) Shanghai Dazhong Run Logistics Shares Co., Ltd.

1. Company name: Shanghai Dazhong Run Logistics Shares Co., Ltd.
2. Registered address: No. 451, Wenshui Road, Jing'an District, Shanghai, the PRC
3. Legal representative: Liang Jiawei (梁嘉瑋)
4. Business scope: General cargo transportation, general cargo transportation (freight leasing), general cargo transportation (field moving transportation), cargo-specific transportation (refrigeration), road transport of dangerous goods (Class II (flammable gas)), road general cargo transportation (truck brokerage), domestic freight forwarding agent, sea/land/air international freight forwarding agent and packaging services.
5. As of 31 December 2020: Total assets of RMB171,373,000, total current liabilities of RMB39,301,800, total liabilities of RMB58,847,200, and net assets of RMB112,525,900; for the year 2020: operating revenue of RMB113,948,000 and net profit of RMB12,192,600.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(xxiii) Shanghai Ruyu Energy Investment Co., Ltd.

1. Company name: Shanghai Ruyu Energy Investment Co., Ltd.
2. Registered address: Room G1016, Building 10, No.1021, Sanshuang Road, Gangxi Town, Chongming District, Shanghai, the PRC
3. Legal representative: Liang Jiawei (梁嘉玮)
4. Business scope: Technology development, technology consulting, technology transfer and technical services in energy technology area.
5. As of 31 December 2020: Total assets of RMB1,321,554,100, total current liabilities of RMB nil, total liabilities of RMB16,374,000, and net assets of RMB1,305,180,200; for the year 2020: operating revenue of RMB nil, and net profit of RMB65,777,000.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xxiv) Shanghai Dazhong Run Supply Chain Management Co., Ltd.

1. Company name: Shanghai Dazhong Run Supply Chain Management Co., Ltd.
2. Registered address: No.56 Suide Road, Putuo District, Shanghai, the PRC
3. Legal representative: He Zhou (何洲)
4. Business scope: Uploading and unloading services, supply chain management, road cargo transportation, domestic freight forwarding agent, etc.
5. As of 31 December 2020: Total assets of RMB27,223,200, total current liabilities of RMB7,575,200, total liabilities of RMB13,139,200, and net assets of RMB14,084,000; for the year 2020: operating revenue of RMB47,759,300, and net profit of RMB4,056,000.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxv) Platinum Capital Investment Corporational Limited

1. Company name: Platinum Capital Investment Corporational Limited
2. As of 31 December 2020: Total assets of USD200, total current liabilities of USD11,600, total liabilities of USD11,600, and net assets of USD-11,400; for the year 2020: operating revenue of USD nil, and net profit of USD-2,800.
3. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxvi) CENTURY CHARM LIMITED

1. Company name: CENTURY CHARM LIMITED
2. As of 31 December 2020: Total assets of USD100, total current liabilities of USD16,300, total liabilities of USD16,300, and net assets of USD-16,200; for the year 2020: operating revenue of USD nil, and net profit of USD-4,400.
3. Associated relationship or other relationships with the Company: Subsidiary of a wholly-owned subsidiary

(xxvii) ULTRA PARTNER LIMITED

1. Company name: ULTRA PARTNER LIMITED
2. As of 31 December 2020: Total assets of USD100, total current liabilities of USD16,300, total liabilities of USD16,300, and net assets of USD-16,200; for the year 2020: operating revenue of USD nil, and net profit of USD-4,400.
3. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxviii) Fretum Construction & Engineering Enterprise Limited

1. Company name: Fretum Construction & Engineering Enterprise Limited
2. Registered address: FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. Business scope: CORP
4. As of 31 December 2020: Total assets of USD51,991,200, total current liabilities of USD7,916,300, total liabilities of USD7,916,300, and net assets of USD44,074,900; for the year 2020: operating revenue of USD nil, and net profit of USD1,724,500.
5. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxix) Galaxy Building & Development Corporation Limited

1. Company name: Galaxy Building & Development Corporation Limited
2. Registered address: FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. Business scope: CORP
4. As of 31 December 2020: Total assets of USD2,870,900, total current liabilities of USD12,900, total liabilities of USD12,900, and net assets of USD2,858,000; for the year 2020: operating revenue of USD nil, and net profit of USD42,400.
5. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxx) Ace Best Investing Management Corporation Limited

1. Company name: Ace Best Investing Management Corporation Limited
2. Registered address: FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. Business scope: CORP
4. As of 31 December 2020: Total assets of USD4,990,600, total current liabilities of USD nil, total liabilities of USD nil, and net assets of USD4,990,600; for the year 2020: operating revenue of USD nil, and net profit of USD-1,500.
5. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxxi) Interstellar Capital Investment CO., Limited

1. Company name: Interstellar Capital Investment CO., Limited
2. Registered address: FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. Business scope: CORP
4. As of 31 December 2020: Total assets of RMB385,522,600, total current liabilities of RMB84,200, total liabilities of RMB84,200, and net assets of RMB385,438,400; for the year 2020: operating revenue of RMB nil, and net profit of RMB-36,100.
5. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxxii) Allpay (International) Finance Service Corporation Limited

1. Company name: Allpay (International) Finance Service Corporation Limited
2. Registered address: Suites 3011, 30th Floor, Tower 6 the Gateway, 1 Canton Road, Kowloon, Hong Kong
3. Business scope: CORP
4. As of 31 December 2020: Total assets of USD6,617,800, total current liabilities of USD nil, total liabilities of USD nil, and net assets of USD6,617,800; for the year 2020: operating revenue of USD nil, and net profit of USD27,400.
5. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxxiii) Dazhong (Vietnam) International Co., Ltd.

1. Company name: Dazhong (Vietnam) International Co., Ltd.
2. Registered address: Ho Chi Minh City, Vietnam
3. Legal representative: Zhuang Ziguó (莊自國)
4. Business scope: Management consultation
5. As of 31 December 2020: Total assets of USD4,710,800, total current liabilities of USD50,100, total liabilities of USD50,100, and net assets of USD4,660,700; for the year 2020: operating revenue of USD nil, and net profit of USD-7,200.
6. Associated relationship or other relationships with the listed company: Subsidiary of a wholly-owned subsidiary

(xxxiv) Jiangsu Dazhong Environmental Governance Co., Ltd.

1. Company name: Jiangsu Dazhong Environmental Governance Co., Ltd.
2. Registered address: Sanbahe Sewage Treatment Plant, Qiaojiahu Village, Yunlong District, Xuzhou, the PRC
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Environmental control and management services; water pollution control services; design and construction of environmental engineering, water treatment works, hydraulic engineering, waterproofing engineering, municipal engineering and pipeline, technology consulting and technical services; sales of construction materials and chemical products (excluding hazardous products); construction, operation and management of photovoltaic power stations; municipal waste disposal services; car park management services; water services (Projects subject to approval according to law may not commence business until they are approved by relevant departments).
5. As of 31 December 2020: Total assets of RMB nil, total current liabilities of RMB nil, total liabilities of RMB nil, and net assets of RMB nil; for the year 2020: operating revenue of RMB nil, and net profit of RMB nil.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xxxv) Shanghai Dazhong Gas Pipeline Engineering Co., Ltd.

1. Company name: Shanghai Dazhong Gas Pipeline Engineering Co., Ltd.
2. Registered address: Room 3008, Floor 3, Building 1, No. 999 Jinzha Road, Fengxian District, Shanghai, the PRC
3. Legal representative: Zhao Yeqing (趙曄青)

4. Business scope: Professional construction of pipeline construction engineering and testing of gas equipment. Engagement in technology development, technology consulting, technical services and technology transfer in the technical field of gas pipeline engineering. Construction of municipal public construction projects, and wholesale and retail of gas alarm devices, stainless steel kitchen equipment and gas equipment. Installation and maintenance of gas cookers. Gas operation, and water and electricity installation. (Projects subject to approval according to law may not commence business until they are approved by relevant departments).
5. As of 31 December 2020: Total assets of RMB19,852,100, total current liabilities of RMB9,691,300, total liabilities of RMB9,691,300, and net assets of RMB10,160,800; for the year 2020: operating revenue of RMB38,277,000, and net profit of RMB-100.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxxvi) Shanghai Zhongju Equipment Leasing Co., Ltd.

1. Company name: Shanghai Zhongju Equipment Leasing Co., Ltd.
2. Registered address: Room 333, Floor 3, Part 4, Building 1, No. 2001 Yanggao North Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Liang Jiawei (梁嘉玮)
4. Business scope: Finance leasing business of machinery and equipment (only SPV), leasing business, purchase of overseas leased property, and treatment of residual value of leased property. (Projects subject to approval according to law may not commence business until they are approved by relevant departments).
5. As of 31 December 2020: Total assets of RMB749.73, total current liabilities of RMB665.24, total liabilities of RMB739.95, and net assets of RMB9.78; for the year 2020: operating revenue of RMB nil, and net profit of RMB-0.22.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxxvii) Lianyungang Dazhong Environmental Governance Co., Ltd.* (連雲港大眾環境治理有限公司)

1. Company name: Lianyungang Dazhong Environmental Governance Co., Ltd.
2. Registered address: No.9 Guangming Road, West Economic Development Zone, Donghai County, Lianyungang, the PRC
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: General projects: sewage treatment and recycling (save for projects which are subject to approval according to law, operating activities can be carried out based on the business license according to law).
5. As of 31 December 2020: Total assets of RMB297.98, total current liabilities of RMB nil, total liabilities of RMB nil, and net assets of RMB297.98; for the year 2020: operating revenue of RMB nil, and net profit of RMB-2.02.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxxviii) Shanghai Zhongzhu Information Technology Co., Ltd.* (上海眾鑄信息科技有限公司)

1. Company name: Shanghai Zhongzhu Information Technology Co., Ltd.
2. Registered address: No. 2050 Honghai Highway, Miao Town, Chongming District, Shanghai, the PRC (Shanghai Miao Town Economic Development Zone)
3. Legal representative: Li Weitao (李偉濤)
4. Business scope: General projects: technology development, technology transfer and technology consultation in professional areas of information, computer and Internet technology (save for projects which are subject to approval according to law, operating activities can be carried out based on the business license according to law).
5. The company is newly established with no financial performance indicator.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

The above guaranteed parties are not shareholders, de facto controllers of shareholders and controlled subsidiaries and affiliates of the Company, and are not individuals.

III. MAIN SUBJECT OF GUARANTEE AGREEMENT

The Company provides credit guarantees, and the term and amount of which are determined in accordance with the business requirements of the guaranteed party.

IV. AGGREGATE AMOUNT OF EXTERNAL GUARANTEES AND AGGREGATE AMOUNT OF OVERDUE GUARANTEES

As of 31 December 2020, the balance of guarantees provided by the Company to its controlled subsidiaries and subsidiaries of its controlled subsidiaries (including subsidiaries with a gearing ratio of more than 70%) amounted to RMB1,750,612,640.24 (foreign currency inclusive), which accounted for 20.39% of net assets of the Company. The Company has not provided any guarantee for its controlling shareholders and related parties, and there is no overdue guarantee.

It is proposed to the AGM to grant approval to the Board to authorize the management to perform specific operations regarding the above composite credit facilities and external guarantees. The authorization period shall begin from the date on which the resolution is approved at the 2020 AGM to the date on which the next annual general meeting is held.

The details of the resolution on the proposal for the Company and its subsidiaries to use self-owned idle funds for entrusted financing in 2021 are as follows:

In order to continuously enhance the efficiency of the use of the funds of the Company and its subsidiaries and reasonably utilize the idle funds, the Company and its subsidiaries intend to use self-owned idle funds for cash management with a limit shared by the Company and its subsidiaries on a revolving basis, and authorize the management of the Company to carry out related specific issues, provided that liquidity requirements for the ordinary course of operation of the Company and its subsidiaries are securely met.

I. BASIC DESCRIPTION

The capital source of cash management is the self-owned idle funds of the Company and its subsidiaries.

II. PRODUCT DESCRIPTION

Subject to the ordinary production, operation and the safety of funds with risk under control, the Company proposes to entrust financial institutions with legitimate operation qualifications, such as commercial banks, for purchasing cash management products for the term of no more than 12 months, to conduct cash management, and the investment period of single wealth product was within one year. The funds will not be used to invest in stocks and underlying derivatives, management, securities investment funds and products with the purpose of securities investment.

III. LIMIT AND TERM OF THE CASH MANAGEMENT

The Company will use its self-owned idle funds for cash management with a maximum balance of RMB2.0 billion (foreign currency translation inclusive) per day and such limit can be used on a cyclical and revolving basis. The term of the cash management shall begin from the date on which the resolution is passed at the 2020 AGM of the Company to the date on which the 2021 AGM of the Company is held.

IV. DESCRIPTION OF PROCEDURES OF CONSIDERATION AND APPROVAL REQUIRED

Pursuant to the requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Hong Kong Listing Rules and Articles of Association, this matter is subject to the consideration and approval by the general meeting of the Company.

V. RISK MANAGEMENT AND CONTROL

The Company has established sound procedures for the consideration and approval and implementation of the use of funds to ensure the effective application and regulated use of funds. In order to control investment risks, the self-owned idle funds are utilized to purchase wealth management products with high security and strong liquidity. During the period of cash management, the Company will timely analyze and track the operation of the wealth managed funds, and will adopt appropriate measures promptly if any risk factors that may affect the security of funds of the Company are identified. Meanwhile, in accordance with the relevant requirements of the China Securities Regulatory Commission and Shanghai Stock Exchange, the Company will disclose the condition of wealth management products during the reporting period in regular reports, if applicable.

VI. IMPACT ON THE DAILY OPERATION OF THE COMPANY

The purchase of wealth management products by the Company with self-owned idle funds is implemented under the condition that the Company's normal operation will not be affected. The Company can generate investment returns from cash management with self-owned idle funds as and when appropriate, which will benefit the preservation of and value appreciation of cash assets of the Company as well as fully safeguard the interest of the Company and its shareholders.

VII. CAUTION ON RISKS

Although the wealth management products the Company intends to purchase are short-term cash management products with controllable risks, the returns on investment could be affected by factors such as market volatile and changes in macro financial policies.

VIII. INFORMATION ON CASH MANAGEMENT WITH SELF-OWNED CAPITAL OR
PROCEEDS RAISED BY THE COMPANY DURING LATEST TWELVE MONTHS
UP TO 30 MARCH 2021*Amount in RMB10 thousand*

No.	Type of Wealth Management Products	Actual Investment Amount	Actual Principle Amount Recovered	Actual Return	Outstanding Principle Amount
1	Bank Wealth Management Products	73,141.00	60,730.00	900.51	12,411.00
2	Reverse Repurchase of National Bonds	10,300.00	10,300.00	88.62	0
Total		<u>83,441.00</u>	<u>71,030.00</u>	<u>989.13</u>	<u>12,411.00</u>

Maximum investment amount per day during latest twelve months	52,039
Maximum investment amount per day during latest twelve months/net assets for the past year (%)	6.02%
Cumulative returns on entrusted wealth management during latest twelve months/net profits for the past year (%)	1.75%
Wealth management limit already utilized	12,411.00
Outstanding wealth management limit	337,589.00
Maximum wealth management limit	350,000.00

The details of the resolution on the re-appointment of the domestic audit firm and internal control audit firm for the Group for the year 2021 are as follows:

As the domestic audit firm and internal control audit firm appointed by the Company for the year 2020, BDO China Shu Lun Pan Certified Public Accountants LLP, in the course of audit on the Company, adhered to the independent and objective practice standards, diligently fulfilled its obligations, issued independent audit opinion objectively and impartially, and satisfactorily completed the commissioned audit work of the Company. In 2020, the service fee for audit business paid by the Company to BDO China Shu Lun Pan Certified Public Accountants LLP amounted to RMB1.5 million, and the service fee for internal control audit business amounted to RMB0.4 million.

Since BDO China Shu Lun Pan Certified Public Accountants LLP adhered to the principle of independent audit during the provision of audit services, reflected the financial condition and operating results of the Company in an objective and fair manner, as well as diligently and practically fulfilled its due responsibilities as an audit firm, as considered and approved in the sixth meeting of the eleventh session of the Board, the Company proposes to re-appoint BDO China Shu Lun Pan Certified Public Accountants LLP to conduct audit on the annual financial statements of the Company for the year 2021 and issue audit reports, and proposes to re-appoint BDO China Shu Lun Pan Certified Public Accountants LLP to conduct audit on the effectiveness of internal control of the Company for the year 2021 and issue internal control audit reports. The term of both appointments shall be one year, and audit fees shall be paid in accordance with the standard paid schedule.

The details of the resolution on the appointment of the overseas audit firm for the Company for the year 2021 are as follows:

As the overseas audit firm appointed by the Company for the year 2020, BDO Limited, in the course of audit on the Company, diligently fulfilled its duties, adhered to the independent, objective and fair practice standards, and completed the annual audit work. In 2020 the fee for audit services paid by the Company to BDO Limited amounted to HK\$1.3 million.

In order to ensure the continuity of external audit work of the Company and meet the requirement of external audit work of the Company, as considered and approved in the sixth meeting of the eleventh session of the Board, the Company proposes to re-appoint BDO Limited as the overseas audit firm for the Company for the year 2021. The term of appointment shall be one year, and audit fees shall be paid in accordance with the standard paid schedule.

The proposed registration and issuance of super short-term commercial papers and short-term commercial papers of not more than RMB3.5 billion (the “**Proposed Issuance**”) has been approved in the sixth meeting of the Eleventh session of the Board held on 30 March 2021. To meet the short-term capital demands of the Company, lower the finance costs, promote the business development of the Company, the Company proposed to apply for the registration and issuance of super short-term commercial papers and short-term commercial papers from the National Association of Financial Market Institutional Investors of the PRC. Details of the Proposed Issuance are as follows:

THE PRINCIPLE TERMS OF THE PROPOSED ISSUANCE OF SUPER SHORT-TERM COMMERCIAL PAPERS

I. Size of issuance

The total amount of the registration and issuance of super short-term commercial papers and short-term commercial papers shall not be more than RMB3.5 billion and they can be issued by installments.

II. Target subscribers

Target subscribers of the super short-term commercial papers and short-term commercial papers are institutional investors in the inter-bank market of the PRC (excluding those in respect of which subscription has been prohibited under national laws and regulations).

III. Cost of issuance

The annual interest rate of the super short-term commercial papers and short-term commercial papers proposed to register and issue is based on the prices in the inter-bank market.

IV. Authorization matters

The Board proposes to the general meeting to agree to authorize the management of the Company to, according to the above issuance proposal, solely decide and handle matters related to the issuance of super short-term commercial papers and short-term commercial papers with reference to the Company’s requirements and the market conditions, including but not limited to, decide and engage relevant intermediaries, determine the time, the quota, the lot structure and the rate of issuance, sign the required documents, go through the necessary procedures, disclose relevant information, and adjust the specific size of the issuance and related issuance proposal as required by law and under the further requirements of the regulatory authorities.

APPENDIX XII RESOLUTION ON THE PROPOSED REGISTRATION AND ISSUANCE OF MEDIUM-TERM NOTES OF THE COMPANY

Resolution on proposed registration and issuance of medium-term notes not exceeding RMB3.5 billion has been approved at the sixth meeting of the Eleventh session of the Board held on 30 March 2021.

To meet the capital requirements of the Company, lower the finance costs, promote the business development of the Company, the Company proposed to apply for registration and issuance of medium-term notes from the National Association of Financial Market Institutional Investors of the PRC. Details of the Proposed Issuance are as follows:

I. SIZE OF ISSUANCE

The size of such registration and issuance of medium-term notes shall not be more than RMB3.5 billion and it can be issued by installments.

II. TARGET SUBSCRIBERS

Target subscribers of the medium-term notes are institutional investors in the interbank market of the PRC (excluding those in respect of which subscription has been prohibited under national laws and regulations).

III. COST OF ISSUANCE

The annual interest rate of issuance is based on the prices in the interbank market.

IV. AUTHORIZATION MATTERS

The Board of the Company proposes to the general meeting to authorize the management to, according to the above issuance proposal, solely decide and handle matters related to the issuance of super short-term commercial papers with reference to the actual requirements and the market conditions, including but not limited to, engage relevant intermediaries, determine the time, the quota, the lot structure and the rate of issuance, sign the required documents, go through necessary procedures, disclose relevant information, and adjust the specific size of the issuance and related issuance proposal as required by law and under the further requirements of the regulatory authorities.

Dear Shareholders,

As an independent director of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Company”), we have performed our duties diligently as an independent director in strict accordance with the Company Law, the Code of Corporate Governance for Listed Companies, the Guidelines for the Establishment of the System of Independent Directors in Listed Companies and other relevant laws and regulations, as well as the provisions and requirements of the Articles of Association, the System of Independent Directors and the Working System of Independent Directors for Annual Report of Shanghai Dazhong Public Utilities (Group) Co., Ltd. We fully exercised the functions and powers of independent directors, expressed independent, objective and fair opinions on the consideration of relevant matters, diligently performed our duties, and effectively safeguarded the overall interests of the Company and the legitimate rights and interests of all shareholders. Now I will report our performance of duties in 2020 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

(1) Personal working experiences, professional background and part-time situation

There are 9 directors in the board of directors of the Company, among which there are 3 independent directors. The basic information of independent directors is as follows:

Wang Kaiguo (王開國): an independent non-executive director of the Company, male, born in 1958. He is currently the chairman of Shanghai Zhongping Guoyu Asset Management Co., Ltd. (上海中平國瑀資產管理有限公司), the independent director of Caitong Fund Management Co., Ltd. (財通基金管理有限公司), the independent director of Zhongliang Holdings Group Co., Ltd. (中梁控股集團有限公司), the independent director of Anxin Trust Co., Ltd. (安信信託股份有限公司), the independent director of Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司), the vice president of China Productivity Society (中國生產力學會), and the president of PE Association of Shanghai (上海股權投資協會). He was the chairman of board of directors and secretary of Party committee (黨委書記) of Haitong Securities Limited (海通證券有限公司), the deputy director of Research Institute of Administrative Bureau of State-owned Property (國家國有資產管理局科研院所), the vice president of the Securities Association of China (中國證券業協會) and the vice president (副理事長) of Shanghai Financial Association (上海金融業聯合會).

Chow Siu Lui (鄒小磊): an independent non-executive director of the Company, male, born in 1960, certified legal accountant, chartered certified accountant. He is currently a partner of VMS Investment Group Limited (鼎佩投資集團有限公司), the independent non-executive director of Fullshare Holdings Limited, Genertec Universal Medical Group Co., Ltd., China Tobacco International (HK) Company Limited, Futong Technology Development Holdings Limited, China Everbright Greentech Limited and Global Cord Blood Corporation, and the non-executive director of Renrui Human Resources Technology Holdings Limited. He was a member of the investment management committee of the HKICS and the chairman of the mainland development strategies advisory panel the HKICPA.

Liu Zhengdong (劉正東): an independent non-executive director of the Company, male, born in 1970, master in international economic laws from East China Academy of Political Science and Law. He is currently the senior partner of Shanghai Junyue Law Firm (上海市君悅律師事務所), the independent director of HFT Investment Management Co., Ltd. and Wuhu Changxin Technology Co., Ltd. and the independent non-executive supervisor of Sinopharm Group Co. Ltd., a member of All China Lawyers Association (全國律協), a member of the Expert Committee of the Supreme People's Procuratorate on Civil and Administrative Litigation Supervision Cases, a deputy to the 15th Shanghai Municipal People's Congress, the president of Shanghai Bankruptcy Administrator Association, the vice president of Shanghai Chamber of Commerce, a member of the legal expert database of Shanghai Municipal Party Committee of the Communist Party of China and an arbitrator of China International Economic and Trade Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) and Shanghai Arbitration Commission.

(2) Explanations on independence

Neither ourselves nor our immediate families and principal social connections have assumed any position in the Company or any of its subsidiaries, or directly or indirectly hold 1% or more of the issued shares in the Company, or are among the top ten shareholders of the Company, or have assumed any position in any entity which directly or indirectly holds 5% or more of the issued shares of the Company or any entity which is among the top five shareholders of the Company.

We do not provide any financial, legal, management consultancy or technological consultancy services to the Company or any of its subsidiaries, and do not obtain any other benefit from the Company, its significant shareholders or other connected companies or personnel which is not disclosed.

Therefore, there is no circumstance that may affect independence.

II. PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS IN THE YEAR 2020

(1) Attendance of meetings

As an independent director, we attended the board meeting on time and perform our responsibilities diligently. During the reporting period, the Company held 7 board meetings, 1 annual general meeting and 1 extraordinary general meeting. The attendance of meetings are as follows:

Name of director	Due attendance of the year time(s)	Attendance in person time(s)	Attendance by way of communication time(s)	Attendance by proxy time(s)	Absence time(s)	Failure to attend in person for two consecutive meetings time(s)
Wang Kaiguo	7	2	5	0	0	No
Yao Cho Fai Andrew (resigned during the Reporting Period)	2	1	1	0	0	No
Chow Siu Lui	7	2	5	0	0	No
Wang Hongxiang (resigned during the Reporting Period)	2	1	1	0	0	No
Liu Zhengdong	7	2	5	0	0	No

As an independent director, before the board meeting, we took the initiative to obtain and understand the relevant information and materials of the meeting, and have a detailed understanding of the Company's production and operation, making full preparations for the major decisions of the board of directors. At the meeting, we carefully considered each resolution, actively participated in the discussion and put forward reasonable suggestions, which played a positive role in making scientific decisions for the board of directors of the Company. We have also maintained daily contact with the Company through telephone communication and other channels to keep abreast of the Company's operation and management and the latest policies and regulations of the securities market, thus forming an effective communication mechanism and ensuring the right to know.

(2) Prior approval and independent opinion

In 2020, in strict accordance with the relevant regulations of the independent director system, we seriously considered the resolutions of the board meeting of the Company, expressed independent opinions on the Company's profit distribution, external guarantee, re-appointment of audit firm and other important matters during the reporting period, and earnestly performed the duties of the independent director.

1. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the profit distribution proposal of the Company for 2019, and we expressed independent opinions on the proposal;
2. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the estimated ongoing ordinary related party transactions of the Company for 2020, and we issued prior approval opinions and expressed independent opinions on the resolution;
3. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the proposal of the provision of guarantee for its controlled subsidiaries with respect to their external financing for 2020, and we expressed independent opinions on the proposal;
4. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered resolution on the signing of cross-guarantee and connected transactions between the Company and its controlling shareholder, and we issued prior approval opinions and expressed independent opinions on the resolution;
5. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the proposal for the Company and its subsidiaries to use idle funds for entrusted financing for 2020, and we expressed independent opinions on the resolution;
6. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the re-appointment of the domestic audit firm and internal control audit firm of the Company for 2020, and we issued prior approval opinions and expressed independent opinions on the resolution;

7. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the re-appointment of the overseas audit firm of the Company for 2020 and we issued prior approval opinions and expressed independent opinions on the resolution;
8. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered on the resolution on the issuance of domestic and overseas debt financing instruments, and we expressed independent opinions on the resolution;
9. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the provision for impairment of intangible assets, and we expressed independent opinions on the resolution;
10. On March 30, 2020, the twenty-first meeting of the tenth session of the board of directors of the Company considered the resolution on the re-election of the new session of board, and we expressed independent opinions on the resolution;
11. On September 14, 2020, the third meeting of the eleventh session of the board of directors of the Company considered the resolution on transfer of contributed capital paid in respect of the subsequent part of equity participation funds of the Company to Dazhong Transportation (Group) Co., Ltd., and we expressed independent opinions on the resolution;

(III) The Operations of the Board and Its Special Committees

The four special committees of the Board of the Company include the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee, and the Strategic Development Committee. During the Reporting Period, we held successively 1 meeting of the Nomination Committee, 1 meeting of the Strategic Development Committee, 1 meeting of the Remuneration and Appraisal Committee, and 6 meetings of the Audit Committee in accordance of their respective rules of procedures, at which we considered matters including the internal control, financial budget and final accounts, interim reports, regular report, related-party transactions, appointment of senior management, performance-based remuneration, and external investments of the Company to form opinions and report thereon to the Board. The operations of all committees are in compliance with laws.

III. MAJOR CONCERNS ARISEN FROM THE PERFORMANCE DURING THE YEAR**(I) General Election of the Board**

During the Reporting Period, taking into consideration that the tenure of the tenth session of the Board of the Company was expired, we organized the general election of the Board in accordance with the Companies Law and the Articles of Association. In accordance with the requirements in relation to the nomination of the candidates for directorship under the Articles of Association and the Working Rules of the Nomination Committee of the Board, the Nomination Committee of the Board, after reviewing the qualifications of the candidates for directorship proposed by qualified Shareholders and seeking for opinions from relevant Shareholders and the opinions from the candidates for directorship, believes that the following proposed candidates are qualified for directorship and determined as the candidates for directorship for this general election. The qualifications of the candidates for independent non-executive Directors of the Company has been reviewed and agreed by the Shanghai Stock Exchange.

(II) Related-party Transactions

During the Reporting Period, the ordinary related-party transactions of the Company are all necessary for the Company's normal operations. In accordance with the requirements under the Listing Rules of Shanghai Stock Exchange, the Hong Kong Listing Rules, the Articles of Association, and the Management Measures for Related-party Transactions, we reviewed the related-party transactions during the Reporting Period in terms of their necessity, fairness, and compliance. The related-party transactions of the Company during 2020 were on the agreed terms of such transactions, followed decision-making procedures compliant with requirements, entered into on fair and reasonable transaction terms, adopted trading behaviors in an open, fair, and reasonable manner with the principles of market economy, at reasonable and fair trading prices, caused no harm to the benefits of the Company and non-related Shareholders, and had no impact on the independence of the Company.

(III) External Guarantee and Occupation of Funds

In accordance with the spirits in the Notice on Several Issues concerning Regulating Fund Transactions between Listed Companies and Their Related Parties and the External Guarantees of Listed Companies (Zheng Jian Fa [2003] No. 56) promulgated by China Securities Regulatory Commission and the State-owned Assets supervision and Administration Commission, we carefully checked the external guarantee of the Company during 2019 and concluded that in accordance with the 2019 Audit Report on Shanghai Dazhong Public Utilities (Group) Co., Ltd. from BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) and the actual situation of the Company, the Company has established relatively sound consideration and approval procedures in respect of external guarantee and has fully fulfilled its information disclosure obligation in relation to external guarantee and related guarantee. All external guarantees of the Company are in compliance with the requirements under relevant laws, regulations, and the Articles of Association. And it has performed approval procedures in accordance with laws and regulations. The Company provided no guarantee to controlling Shareholder, actual controller and its related parties, any unincorporated body or individual, and had no guarantee overdue. None of the controlling Shareholders of the Company and their related parties occupied the funds of the Company for non-operating needs.

(IV) Remuneration of Senior Management

The Company confirms the appraisal on its senior management in strict accordance with the Remuneration and Appraisal Plan for Senior Management developed by the Board, and determines the performance-based remuneration of senior management based on the Company's actual operating condition.

We are of the view that the remuneration of the senior management of the Company is in line with the requirements in relation to the performance appraisal and relevant remuneration systems of the Company and the review procedures for the resolutions are in line with the requirements under relevant laws and regulations and the Articles of Association, causing no harm to the benefits of small and medium Shareholders of the Company. Therefore, we agree with the matter.

(V) Dividend in Cash and Other Returns to Shareholders

The Company considered and approved the 2019 Preplan for the Profit Distribution of the Company at the 2020 general meeting, and implemented the distribution of profits in August 2020. We made specific explanation and expressed our opinions on the Company's 2019 Preplan for the Profit Distribution and its dividend in cash. After examination, we concluded that the policies on dividend in cash developed by the Company can deliver reasonable investment returns to investors, have regard for the sustainability of the Company, are in line with the actual situation of the industry in which the Company operates and the development needs of the Company, can guarantee the benefits of small and medium Shareholders, and are beneficial to the Company's continuous, steady and healthy development. The decision-making procedures in respect of dividend in cash of the Company is in compliance with the requirements under relevant laws and regulations and the Articles of Association, and cause no harm to the benefits of the Company and its Shareholders as a whole, especially small and medium Shareholders.

(VI) Implementation of Internal Control

During the Reporting Period, the Company implemented internal controls in strict accordance with the Basic Standards for Corporate Internal Control, the Guidance on Corporate Internal Control Evaluation and the Manual of the Internal Control System of the Company. As independent directors, we make the Audit Committee our main regulatory body to listen to the reports on the Company. Based on the Internal Control Evaluation Report of the Company and the audit by our internal control audit institution, the present internal control system can meet and fulfil the requirements under relevant national laws and regulations, and the internal control system and its mechanisms of the Company have no major defects in completeness, reasonableness and effectiveness and have no major deviations during actual implementation. Therefore, they are sufficient and effective in guaranteeing the safety of the Company's assets and the Company's normal conduct of operating and management activities.

(VII) The performance of the undertakings of the Company and Shareholders

In strict accordance with relevant laws, regulations and regulatory requirements, we have checked the performance of undertakings by Shareholders, related parties, the Company and the directors, supervisors, and senior executives of the Company. According to the Announcement of Dazhong Transportation (Group) Co., Ltd. on the Company's Repurchase of Its A-Shares Through Centralized Bidding Trading disclosed on March 30, 2019, Dazhong Public Utilities undertook not to reduce its holdings of A shares or B shares of Dazhong Transportation in the next 3 months and the next 6 months. Within the statutory commitment period, the Company and parties acting in concert strictly performed their undertakings. During the Reporting Period, the Company, Shareholders, and related parties did not violate public commitments.

(VIII) Performance in relation to information disclosure

During the Reporting Period, the Company fulfilled its obligations in relation to information disclosure in strict accordance with relevant laws and regulations and the Management System for Information Disclosure Affairs of the Company. In 2020, the Company published a total of 4 periodic reports and 46 temporary announcements on the Shanghai Stock Exchange; it also disclosed documents including announcements and circulars in total of 162 times on the Hong Kong Stock Exchange. The Company has not violated the stock listing rules and the articles of association and other laws and regulations of the two places, and has fulfilled the relevant obligation related to information disclosure well. During the Reporting Period, we continued to pay attention to and supervise the information disclosure of the Company. We believe that the information disclosure system of the Company is sound, and the Company can perform its disclosure obligations in strict accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other regulations and the Management System for Information Disclosure Affairs of the Company. In 2020, the information disclosed by the Company is true, accurate, timely and complete, and there are no false records, misleading statements or material omissions.

(IX) Engagement of accounting firms

In 2020, the Company continued to engage BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic audit firm and the internal control audit firm for the Company, and continued to engage BDO Limited as the overseas audit firm for the Company. The above-mentioned accounting firms are in compliance with the relevant regulations of the China Securities Regulatory Commission and the Hong Kong Stock Exchange in terms of qualifications for engaging in securities business. They can adhere to the principle of independent audit in providing financial reporting and internal control audit services to the Company, and completed various audit services agreed with the Company in an independent, objective, fair and timely manner.

(X) Use of raised funds

The Company held the fifth meeting of the eleventh session of the board of directors on December 3, 2020, on which the Proposal on Changing the Use of Proceeds from H Share Offering was reviewed and approved, and the board of directors of the Company agreed to adjust the original plan for the use of raised funds. After investigation and verification, we believe that the change of investment projects by using part of the raised funds is prudently proposed by the Company based on the current status of the industry and the future development prospects, which will help the Company improve the benefit of the use of raised funds and the return on investment of raised funds.

IV. OVERALL EVALUATION AND RECOMMENDATIONS

In 2020, as independent directors of the Company, we were faithful, diligent, dedicated, and actively perform our duties in accordance with relevant laws and regulations, the Articles of Association, and the Independent Non-executive Director System of the Company. We have paid close attention to changes in the operating environment of the Company and the progress of related major issues. We have conducted good and effective communication and cooperation with the board of directors, board of supervisors and the management of the Company. We have provided suggestions for the management and decisions of the Company based on our relevant professional knowledge and experience, and made due efforts to promote the improvement and optimization of the Company's governance structure, and to safeguard the overall interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders. During the Reporting Period, the operations of the Company were standardized in all aspects, and maintained a healthy and stable development trend as a whole.

In 2021, we will continue to pay attention to matters such as the improvement of the corporate governance structure, the implementation of the cash dividend policy, related transactions, external guarantees, and information disclosure. We will work diligently and fulfill our duties completely. We will exercise all rights independently and prudently, safeguard the overall interests of the Company objectively and fairly, and protect the legitimate rights and interests of investors, especially minority shareholders, so as to play an active role in ensuring the steady operation of the Company and in creating good performance for the Company.