

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 2022
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022
FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR
THE YEAR 2023 OF THE COMPANY
PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY FOR THE YEAR 2022
RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS
OF THE COMPANY FOR THE YEAR 2023
RESOLUTION ON THE APPLICATION OF BANK CREDIT FACILITIES
OF THE COMPANY FOR THE YEAR 2023
RESOLUTION ON THE PROVISION OF GUARANTEE BY THE COMPANY FOR CONTROLLED
SUBSIDIARIES WITH RESPECT TO EXTERNAL FINANCING FOR THE YEAR 2023
RESOLUTION ON USE OF IDLE FUNDS 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 2023
RESOLUTION ON THE RE-APPOINTMENT OF OVERSEAS AUDIT FIRM
OF THE COMPANY FOR THE YEAR 2023
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PAPERS AND SHORT-TERM COMMERCIAL PAPERS BY THE COMPANY
RESOLUTION ON REGISTRATION AND ISSUANCE OF MEDIUM-TERM NOTES
BY THE COMPANY
RESOLUTION ON GENERAL ELECTION OF THE BOARD OF DIRECTORS OF THE COMPANY
RESOLUTION ON GENERAL ELECTION OF SUPERVISORY COMMITTEE OF THE COMPANY

A letter from the Board is set out on pages 5 to 14 of this circular. A notice convening the AGM to be held at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Wednesday, 28 June 2023 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 Tuesday, 27 June 2023 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.

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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 “2022 AGM”	the annual general meeting of the Company to be held at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Wednesday, 28 June 2023 at 2:00 p.m. or any adjournment thereof
“Articles of Association” or “Articles”	the articles of association of the Company, as amended in 2022
“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, whose 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 Business Management”	Shanghai Dazhong Business Management Co., Ltd., 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 and 10% by three individual shareholders who are Independent Third Parties
“Dazhong Commerce”	Shanghai Dazhong Transportation Commerce Co., Ltd, a limited liability company incorporated in the PRC on 25 June 2008
“Dazhong Commercial Factoring”	Shanghai Dazhong Commercial Factoring Co., Ltd., a limited liability company incorporated in the PRC on 3 December 2021, and wholly-owned by the Company
“Dazhong Financial Leasing”	Shanghai Dazhong Financial Leasing Co., Ltd., a limited liability company incorporated in the PRC on 19 September 2004

DEFINITIONS

“Dazhong Hebin”	Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd, a limited liability company incorporated in the PRC on 18 July 2003, and wholly-owned by Dazhong Business Management
“Dazhong Jiading Sewage”	Shanghai Dazhong Jiading Sewage Treatment Co., Ltd, a limited liability company incorporated in the PRC on 17 March 2006
“Dazhong Run”	Shanghai Dazhong Run Logistics Shares Co., Ltd., a limited liability company incorporated in the PRC on 19 March 1999
“Dazhong Transportation”	Dazhong Transportation (Group) Co., Ltd., a joint stock company with limited liability incorporated in the PRC on 6 June 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
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“IPO”	initial public offerings

DEFINITIONS

“Latest Practicable Date”	19 April 2023, i.e., the latest practicable date for determining several documents set forth in this circular before printing of this circular
“LNG”	liquefied petroleum gas
“Nantong Dazhong Gas”	Nantong Dazhong Gas Co., Ltd., a limited liability company incorporated in the PRC on 11 December 2003
“PRC” or “China”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Reporting Period”	the year from 1 January 2022 to 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the PRC
“Shanghai Dazhong Gas”	Shanghai Dazhong Gas Co., Ltd. (formerly known as South Shanghai Gas Co., Ltd), a limited liability company incorporated in the PRC on 3 January 2001
“Shanghai Gas”	Shanghai Gas Co., Ltd., a limited liability company incorporated in the PRC on 17 December 2018, and wholly-owned by Shenergy (Group) Co., Ltd.
“Shanghai Stock Exchange” or “SSE”	the Shanghai Stock Exchange
“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)
“SSE Stock Listing Rules”	Rules for listing of stocks on the Shanghai Stock Exchange
“Suchuang Gas”	Suchuang Gas Corporation Limited (Stock Code: 1430.HK), a company listed on the Main Board of the Hong Kong Stock Exchange

DEFINITIONS

“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

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

Non-executive Directors:

Mr. SHI Pingyang
Mr. JIN Yongsheng

Independent Non-executive Directors:

Mr. WANG Kaiguo
Ms. LI Yingqi
Mr. LIU Feng
Mr. YANG Ping

Registered Office:

518 Shangcheng Road
Pudong New Area
Shanghai
PRC

Principal Place of Business in Hong Kong:

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

Principal Place of Business in the PRC:

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

26 April 2023

To the shareholders

Dear Sir or Madam,

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2022
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2022
FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR
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* For identification purpose only

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 2022;
- (2) Work report of the Supervisory Committee for the year 2022;
- (3) Final financial report for the year 2022 and financial budget report for the year 2023 of the Company;
- (4) Profit distribution proposal of the Company for the year 2022;
- (5) Resolution on the estimated ongoing ordinary related party transactions of the Company for the year 2023;
- (6) Resolution on the application for bank credit facilities of the Company for the year 2023;
- (7) Resolution on the provision of guarantee by the Company for controlled subsidiaries with respect to external financing for the year 2023;
- (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 2023;
- (10) Resolution on the re-appointment of the overseas audit firm of the Company for the year 2023;
- (11) Resolution on the issuance of corporate bonds and overseas bonds of the Company;
- (12) Resolution on the registration and issuance of super short-term commercial papers and short-term commercial papers of the Company;
- (13) Resolution on the registration and issuance of medium-term notes of the Company;

LETTER FROM THE BOARD

- (14) Resolution on the general election of the Board of Directors of the Company; and
- (15) Resolution on the general election of the Supervisory Committee of the Company.

The Shareholders will listen to the work report of the independent non-executive directors for the year 2022 at the AGM.

Details of the Resolutions

- (1) *Work Report of the Board of Directors for the year 2022*

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 2022. Full text of the work report of the Board of Directors 2022 to be passed is set out in Appendix I to this circular.

- (2) *Work Report of the Supervisory Committee for the year 2022*

An ordinary resolution will be proposed at the AGM to pass the work report of the Supervisory Committee for the year 2022. Full text of the work report of the Supervisory Committee 2022 to be passed is set out in Appendix II to this circular.

- (3) *Final Financial Report for the year 2022 and Financial Budget Report for the year 2023*

An ordinary resolution will be proposed at the AGM to pass the final financial report for the year 2022 and the financial budget report for the year 2023 of the Company. Full text of the final financial report 2022 and financial budget report 2023 of the Company to be passed is set out in Appendix III to this circular.

- (4) *Profit Distribution Proposal of the Company for the year 2022*

In 2022, the Company attained a consolidated net loss attributable to owners of the parent company of RMB332,591 thousand. The parent company's profit after tax amounted to RMB170,799 thousand. 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 2022, a 10% statutory reserve in the amount of RMB17,080 thousand is provided, with the addition of the undistributed profit of the parent company carried over from 2021 in the amount of RMB1,670,088 thousand, less the distributed amount of RMB147,622 thousand in 2022, the total distributable profits amounted to RMB1,676,185 thousand. Based on the total share capital of 2,952,434,675 Shares as at the end of 2022, a proposed cash dividend of RMB0.30 (tax inclusive) for every 10 Shares or a total profit of RMB88,573 thousand will be distributed. The undistributed profit of RMB1,587,612 thousand shall be outstanding for distribution next year.

LETTER FROM THE BOARD

The aforementioned distribution plan was considered and approved at the twenty-first 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 2022. Full text of the profit distribution proposal for the year 2022 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 dividends for 2021 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 announcement [2015] No. 60). 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%.

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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), 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 on 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 2023, 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 for 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 2023, 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 2023, full text of which is set out in Appendix X to this circular.

(11) Issuance of Corporate Bonds and Overseas Bonds

An ordinary resolution will be proposed at the AGM to pass the resolution on the issuance of corporate bonds and overseas bonds of the Company, full text of which is set out in Appendix XI to this circular.

(12) Proposed Registration and Issuance of Super Short-term Commercial Papers and Short-term Commercial Papers

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

(13) Proposed Registration and Issuance of Medium-term Notes

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

(14) Suggested Election of the Twelfth Session of the Board of Directors

The Board suggested (a) reelection of Mr. Yang Guoping, Mr. Liang Jiawei and Mr. Wang Baoping as executive directors of the twelfth session of the Board of Directors; (b) election of Mr. Jin Yongsheng and Mr. Shi Pingyang as non-executive directors of the twelfth session of the Board of Directors; and (c) election of Ms. Li Yingqi, Mr. Liu Feng and Mr. Yang Ping as independent non-executive directors of the twelfth session of the Board of Directors.

The Board also suggested nomination of Mr. Jiang Guofang as independent non-executive director of the twelfth session of the Board of Directors.

Mr. Wang Kaiguo will retire as independent non-executive director due to expiration of his tenure and will not seek reelection at the 2022 AGM.

LETTER FROM THE BOARD

The Nomination Committee of the Board ("**Nomination Committee**") has raised suggestions regarding the suggested composition of the twelfth session of the Board of Directors and proposed to the Board for (a) reelection of Mr. Yang Guoping, Mr. Liang Jiawei and Mr. Wang Baoping as executive directors of the twelfth session of the Board of Directors; (b) election of Mr. Jin Yongsheng and Mr. Shi Pingyang as non-executive directors of the twelfth session of the Board of Directors; and (c) election of Ms. Li Yingqi, Mr. Liu Feng and Mr. Yang Ping as independent non-executive directors of the twelfth session of the Board of Directors. In addition, the Nomination Committee also nominated to the Board Mr. Jiang Guofang as an independent non-executive director of the twelfth session of the Board of Directors ("**Reelected and Nominated Directors**").

After making reference to the opinions of the Nomination Committee regarding the suggested composition of the twelfth session of the Board of Directors, on 30 March 2023, the Board deliberated and passed suggested reelected and nominated directors at the twenty-first meeting of the eleventh session of the Board of Directors. The suggested composition of the twelfth session of the Board of Directors conforms to the Articles (Articles of Association), applicable laws and regulations and (Hong Kong Listing Rules) and also meets the needs of the Company.

The detailed biographical information of director candidates for the twelfth session of the Board of Directors is set forth in Appendix XIV to this circular.

When recommending reelected and nominated directors, the Board endeavors to achieve diversification of the Board membership based on the adopted Board membership diversity policy, taking into multiple factors including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and period of service. The Board believes that the educational backgrounds, professional experiences and cultural backgrounds of the suggested re-elected and nominated directors are beneficial to the Board diversification. In addition, suggested reelected and nominated independent non-executive directors have submitted their independent confirmations in writing to the Company according to Section 3.13 of the Listing Rules. Therefore, the Board believes that independent non-executive directors proposed for reelection and appointment are independent individuals and that they should be reelected and nominated.

The Company intends to sign service contracts or appointment letters with the aforesaid director candidates. Pursuant to the Articles of Association, the suggested term of appointment of each of the aforesaid director candidates will commence from the date when related resolution is passed by shareholders at the general meeting and expire on the expiration date of the tenure of the twelfth session of the Board of Directors, for a total of three years.

LETTER FROM THE BOARD

Except as otherwise disclosed in detailed biographical information of each of the aforesaid director candidates, each director candidate confirms that (1) he or she does not hold any office in the Company or any other member company of the Group, (2) he or she didn't hold any directorship or supervisory office in any public company listed on any stock market in Hong Kong or overseas in the past three years; (3) he or she has no relationships whatsoever with any other director, supervisor, senior management or major shareholder or controlling shareholder of the Company or any of its subsidiaries; and (4) he or she has no interests whatsoever in shares in the Company as defined in Part XV of the Securities and Futures Ordinance (Chapter 571) ("**Securities and Futures Ordinance**").

In addition, there is no data about the aforesaid Director candidates that shall be disclosed pursuant to any provisions of Rule 13.51(2)(h) through (v) of the Hong Kong Listing Rules, nor is there any other matter regarding suggested reelected and nominated directors that shall be brought to the attention of shareholders of the Company.

After shareholders approve relevant resolutions at the AGM, the suggested composition of the twelfth session of the Board of Directors will be as follows:

Executive directors	Non-executive directors	Independent non-executive directors
Mr. Yang Guoping	Mr. Jin Yongsheng	Mr. Jiang Guofang
Mr. Liang Jiawei	Mr. Shi Pingyang	Ms. Li Yingqi
Mr. Wang Baoping		Mr. Liu Feng
		Mr. Yang Ping

(15) Suggested Election of the twelfth session of the Supervisory Committee

The Supervisory Committee deliberated and passed the suggested reelection of Ms. Zhao Siyuan and nomination of Ms. Li Ping as members of the twelfth session of the Supervisory Committee at the eighteenth meeting of the eleventh session of Supervisory Committee.

Detailed biographical information about supervisor candidates for the twelfth session of the Supervisory Committee is set out in Appendix XV to this circular.

The Company intends to sign service contracts with the aforesaid supervisor candidates. Pursuant to the Articles of Association, the suggested term of appointment of each of the aforesaid supervisor candidates will commence from the date when related resolution is passed by shareholders at the 2022 AGM and expire on the expiration date of the tenure of the twelfth session of the Supervisory Committee.

LETTER FROM THE BOARD

Except as otherwise disclosed in detailed biographical information of each of the aforesaid supervisor candidates, each supervisor candidate confirms that (1) he or she does not hold any office in the Company or any of its subsidiaries (2) he or she didn't hold any directorship or supervisory office in any other public company in the past three years; (3) he or she has no relationships whatsoever with any other director, supervisor, senior management or major shareholder or controlling shareholder of the Company or any of its subsidiaries; and (4) he or she has no interests whatsoever in shares in the Company as defined in Part XV of the Securities and Futures Ordinance.

In addition, there is no data about the aforesaid supervisor candidates that shall be disclosed pursuant to any provisions of Rule 13.51(2)(h) through (v) of the Hong Kong Listing Rules, nor is there any other matter regarding suggested reelected supervisors that shall be brought to the attention of shareholders of the Company.

Work report of the independent non-executive directors for the year 2022

The Shareholders will listen to the work report of the independent non-executive directors for the year 2022 at the AGM. Full text of the work report of the independent non-executive directors for the year 2022 is set out in Appendix XVI to this circular.

II. AGM

The Company will hold an AGM at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Wednesday, 28 June 2023 at 2:00 p.m., the notice of which has been 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 Tuesday, 27 June 2023 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.

III. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders entitled to attend and vote at the Company's AGM, the register of members of the Company for H Shares will be closed from 23 June 2023 to 28 June 2023, 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 for H shares on 23 June 2023 or their proxies or duly authorized 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. 21 June 2023.

LETTER FROM THE BOARD

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 vote in favor of such resolutions.

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

26 April 2023

The major works of the Board for the year ended 31 December 2022 and the 2023 annual work plan are reported as follows:

In 2022, domestic and overseas environments were complicated and volatile, and domestic economy was under the pressure of economic downturn due to impacts of many factors beyond expectations such as Russia-Ukraine war and conflict, the game in China-US relations and repeated pandemic outbreaks at home. Faced with tremendous difficulties and challenges, the board of directors and the management of the Company led all employees to rise to the occasion, keep progressing steadily, make overall planning for pandemic containment and business development and continuously drive the sustainable development of the Company steadily and firmly, all upholding the development strategy of “equal focus on public utilities and financial venture capital investment”. The activities in the past year are hereby reported as follows:

I. MAJOR WORK OF THE BOARD OF DIRECTORS IN THIS YEAR

1. Fighting the pandemic together to safeguard people’s livelihood and fulfill social responsibility of Dazhong people

Since 2020, Covid-19 broke out successively around the world, and Shanghai encountered the most severe round of peak pandemic ever seen in the first half of 2022, which seriously affected the normal lives of Shanghai people. Over nearly one hundred days of lockdown, employees of the Company working on secure gas supply, sewage treatment, logistics and distribution, transport of personnel and supplies, financing and leasing payment and tunnel traffic stayed on their jobs calmly and devoted themselves to make positive contribution to the normal operation and pandemic containment efforts of Shanghai, also writing a glorious chapter of how Dazhong effectively fulfilled its social responsibility.

2. Building up the board of directors itself and constantly making decisions more scientific

In 2022, all directors of the Company strictly fulfilled their duty of faith and diligence to the Company, acted dutifully, played their role as director, actively attended board meetings of the Company to understand and analyze the operation management dynamics of the Company, deeply studied meeting topics under deliberation, contributed suggestions on the Company’s business development, effectively made board decisions more scientific, and drove all aspects of the company’s day-to-day operations forward in a continuous, stable and healthy manner.

3. Constantly building up internal control system of the Company and effectively preventing corporate risks

In 2022, the Company continuously improved its internal control system by periodically perfecting and supplementing its internal control system; further tightened the control over financial management, internal audit and risk management while strengthening corporate governance, carrying out the internal control system, establishing scientific and effective decision-making mechanism, market response mechanism and risk prevention mechanism and constantly making enterprise management more normative and standardized according to relevant laws and regulations and in light of the Company's past practical experience, thus laying a solid and strong foundation for healthy and stable development of the Company.

4. Seriously fulfilling information disclosure obligation and raising the level of investor relations management

In 2022, the board of directors of the Company prepared and disclosed the Company's regular reports and interim reports in a timely manner and ensured the authenticity, accuracy and integrity of corporate information disclosure according to relevant laws, regulations and rules such as the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Hong Kong Listing Rules. Meanwhile, the Company beefed up investor relations management by actively communicating with investors through results briefing, investor hotline, Shanghai Stock Exchange E-interactive platform and corporate website, in a bid to increase transparency of corporate information and establish a good image on capital markets.

5. Actively advancing ESG construction and improving corporate image

Regarding the Environmental, Social and Governance ("ESG") management as an important strategic pillar and implementing measure for guiding the corporate reform and innovation, transformation and upgrading and enhancing its ability of sustainable development, the board of directors of the Company disclosed the Environmental, Social and Governance (ESG) Report to the general public for six consecutive years, demonstrating the Company's ESG practice and performance highlights systematically at a higher level, while integrating EGS elements into its day-to-day management process to explore possible use of new energy especially green energy in business operations, and utilizing the latest IT to integrate optimized and efficient use of resources, further optimize its energy structure and achieve low-carbon economy.

II. MAIN DAY-TO-DAY ACTIVITIES OF THE BOARD OF DIRECTORS IN 2022

(I) Board meetings and resolutions

In 2022, the Company held 6 board meetings in total, discussing and deciding important matters of the Company such as regular reports, financial budget and closing, profit distribution, external investment and related-party transaction respectively. Directors of the Company attended each board meeting on time, stayed faithful to the Company and shareholder interests, acted diligently and dutifully and actively preserved interests of the Company and its shareholders.

1. The 14th meeting of the 11th board of directors took place on March 30 2022 both onsite and via communication equipment. 9 directors were expected to vote and actually voted at the meeting. All supervisors and senior executives of the Company attended the meeting as non-voting attendees. The meeting was chaired by the board chairman Yang Guoping and was held in compliance with relevant provisions of the Company Law and the Articles of Association in a lawful and valid manner. The meeting deliberated and passed the Work Report of the Board of Directors for the Year 2021, the Operation Work Report for the Year 2021, the Work Report of Independent Directors for the Year 2021, the Final Financial Report for the Year 2021 and the Financial Budget Report for the Year 2022 of the Company, the Profit Distribution Proposal of the Company for the Year 2021, the Full Text and Abstract of 2021 Annual Report of the Company, the Internal Control Self-assessment Report of the Company for the Year 2021, the Duty Fulfillment Report of Audit Committee of the Board of Directors for the Year 2021, the Annual Social Responsibility Report of the Company for the Year 2021, the Environmental, Social and Governance (ESG) Report of the Company for the Year 2021, the Resolution on Estimated Ongoing Ordinary Related-party Transactions of the Company for the Year 2022, the Resolution on Application for Comprehensive Bank Credit Facilities of the Company for the Year 2022, the Resolution on the Provision of Guarantee by the Company for Controlled Subsidiaries with respect to External Financing for the Year 2022, the Resolution on the Use of Idle Fund for Cash Management of the Company, the Resolution on the Re-appointment of Domestic Audit Firm and Internal Control Audit Firm of the Company for the Year 2022, the Resolution on the Re-appointment of Overseas Audit Firm of the Company for the Year 2022, the Resolution on Change to Controlled subsidiaries and Equity Method Corporate Accounting Policies, the Resolution on Accrual of Asset Impairment Provision and Asset Write-off of the Company for the Year 2021, the Resolution on Nomination of Candidates for

Non-executive Director and Independent Non-executive Director of the Company, the Resolution on Change to Joint Company Secretary, the Resolution on Adjustment of Allowance for Independent Non-executive Directors, the Resolution on Amendment to the Articles of Association and Handling Industrial and Commercial Registration, the Resolution on Amendment to the Rules of Procedure for the General Meeting, and the Resolution on Holding the Annual General Meeting of the Company for the Year 2021.

2. The 15th meeting of the 11th board of directors took place on 29 April 2022 by means of voting via communications, deliberating and passing the Report of Dazhong Public Utilities for the First Quarter of 2022.
3. The 16th meeting of the 11th board of directors took place on 27 May 2022 by means of voting via communications, deliberating and passing the Resolution on Adjustment to Specialized Committees of the Board of Directors.
4. The 17th meeting of the 11th board of directors took place on 30 August 2022 both onsite and via communication equipment. 9 directors were expected to vote and actually voted at the meeting. All supervisors and senior executives of the Company attended the meeting as nonvoting attendees. The meeting was chaired by the board chairman Yang Guoping and was held in compliance with relevant provisions of the Company Law and the Articles of Association in a lawful and valid manner. The meeting deliberated and passed the Semiannual Operation Work Report of the Company for the Year 2022, the Semiannual Report and its Abstract of the Company for the Year 2022, and the Resolution on Adjustment to the Operating Objectives of the Company for the Year 2022.
5. The 18th meeting of the 11th board of directors took place on 28 October 2022 by means of voting via communications, deliberating and passing the Third Quarterly Report of Dazhong Public Utilities of 2022.
6. The 19th meeting of the 11th board of directors took place on 14 November 2022 by means of voting via communications, deliberating and passing the Resolution on Conduct of Sale-Leaseback Financing Lease Business by and between Controlled subsidiaries and Related Parties.

(II) Execution of general meeting resolutions by the board of directors

During the reporting period, the board of directors of the Company seriously performed duties as conveners of general meeting strictly according to relevant provisions of laws and regulations and the Articles of Association, and held one annual general meeting in total.

The Company held the annual general meeting of 2021 on 27 May 2022, where participants deliberated and passed via voting the Work Report of the Board of Directors for the Year 2021, the Work Report of the Supervisory Committee for the Year 2021, the Final Financial Report for the Year 2021 and the Financial Budget Report of for the Year 2022 of the Company, the Profit Distribution Proposal of the Company for the Year 2021, the Resolution on Estimated Ongoing Ordinary Related-party Transactions of the Company for the Year 2022, the Resolution on Application for Bank Credit Facilities of the Company for the Year 2022, the Resolution on the Provision of Guarantee by the Company for Controlled Subsidiaries with respect to External Financing for the Year 2022, the Resolution on the Use of Idle Fund for Cash Management of the Company, the Resolution on the Re-appointment of Domestic Audit Firm and Internal Control Audit Firm of the Company for the Year 2022, the Resolution on the Re-appointment of Overseas Audit Firm of the Company for the Year 2022, the Resolution on Amendment to the Articles of Association and Handling Industrial and Commercial Registration, the Resolution on Nomination of Candidates for Non-executive Director and Independent Non-executive Directors of the Company, the Resolution on Adjustment of Allowance for Independent Non-executive Directors, and the Resolution on Amendment to the Rules of Procedure for the General Meeting, before the meeting heard the Work Report of Independent Directors for the Year 2021.

During the reporting period, the board of directors of the Company strictly executed any and all resolutions deliberated and passed by the general meeting, and fully carried out any and all meeting resolutions.

III. WORK APPROACH OF THE BOARD OF DIRECTORS FOR 2023

2023 is the first year of the post-pandemic era, when economy stabilizes and bounces back and government policies are enacted in succession. The Company will seize opportunities brought by economic recovery and industry development in line with its development strategy, and carry out business and management objectives of each business segment level by level according to the “14th five-year” strategic development plan formulated by the Company. The board of directors of the Company must fully assess the complexity and severity of economic situation both at home and abroad, keep a robust management style, further adjust industrial investment structure, constantly increase the ratio of investment in public utilities and concentrate advantageous resources to support development of its main business.

The board of directors will work on the following priorities in 2023:

1. Keep actively leveraging their core role in corporate governance and solidly do a good job in daily-to-day work of board of directors

In 2023, the board of directors will continue fulfilling their duties faithfully and diligently, further build up itself, and fully leverage their core role in corporate governance with an attitude of responsibility to the Company and all shareholders and strictly according to laws and regulations such as the Company Law and Securities Law and rules and regulations such as Articles of Association and the Rules of Procedure for Board of Directors of the Company, while board members will continue learning hard for increased ability to fulfill duties, benchmark themselves against the latest requirements of capital market regulation and industry regulatory rules, and decide significant matters of the Company in a scientific and efficient manner.

2. Constantly increase corporate governance ability and solidify the cornerstone for high-quality development

Corporate governance is the most essential factor in determining effectiveness of listed companies. By regarding sound corporate governance as an important enabler for driving the Company to accelerate strategy implementation, strengthen risk prevention and control and achieve high-quality development, the board of directors has constructed a governance system and internal control system commensurate with requirements of modern economic system and high-quality development and having their own characteristics. In the new round of three-year action for improving quality of listed companies, the Company will further deepen its system and mechanism reforms, and perfect its long-acting mechanism and internal driving force for self regulation and self improvement.

3. Actively respond to new regulatory situation and have directors, supervisors and senior executives learn more about laws and regulations

In 2023, the Company will further increase the ability of its directors, supervisors and senior executives to perform their duties, actively involve them in various forms of training to learn more about all kinds of newly-enacted laws, regulations and rules, share regulatory information and further enhance their awareness of compliance, risk, responsibility and self discipline and operational competency, make their decisions more scientific and normative, raise the level of normative corporate operations and assure the sustainable development of the Company.

4. Focus on the main business and enhance the driving force for high-quality development

As a witness to the past three decades of China's capital markets, Dazhong Public Utilities maintained a momentum of robust development amid complicated and ever-changing situation, for which a very important reason is that the Company stays focused on public utilities as its main business. For 2023, the Company will further adjust its industrial investment structure, endeavor to solidify the role of its public utilities business as the cornerstone, extend two main lines of business surrounding gas, environment and upstream and downstream industry chains, and concentrate its advantageous resources to support the development of its main business. It will strive to grow into a listed company with outstanding main business and strong competitiveness.

5. Build up its manpower and endeavor to improve the overall qualities of its personnel

The Company will further build up its manpower to provide a talent support for business development. On the one side, the Company will optimize its workforce structure through talent introduction and in-house training, on the other side, the Company will drive the construction of two career paths of managerial and technological sequences, perfect its talent selection process, and create a positive, intellectually inquisitive and innovative corporate climate by establishing internal training system, enhancing specialized employee training and linking up employee learning and work with promotion, so as to build a specialized workforce suitable for the Company.

The year 2023 is the starting year of full-scale efforts to carry out the spirit of the 20th CPC National Congress, a crucial year of succession for the "14th five-year" plan and also the first year after the three-year anti-pandemic campaign. The Company will seize opportunities brought by economic recovery and industry development, actively respond to various uncertain factors brought by domestic and overseas economic situation, forge ahead and drive high-quality development of the Company with a down-to-earth spirit according to the "14th five-year" strategic development plan formulated by the Company and adhering to the industry development path of "equal focus on public utilities and financial venture capital investment", with a view to growing into a listed Company with more focused main business, more outstanding core capabilities and greater asset profitability, and giving back to shareholders and the society with concrete actions and outstanding results.

The work report of the Supervisory Committee for the year ended 31 December 2022 is as follows:

In 2022, all members of the Supervisory Committee of Shanghai Dazhong Public Utilities (Group) Co., Ltd (“Company”) performed their duties in a spirit of dedication and diligence strictly according to the Company Law of the People’s Republic of China (“Company Law”), the Securities Law of the People’s Republic of China (“Securities Law”), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (“Stock Listing Rules”), the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”), Articles of Association and the Rules of Procedure for Supervisory Committee of the Company, conducted continuous tracking and effective supervision of the compliant operations, normative running, significant operating decisions, business and financial condition and internal management mechanism of the Company and performance of duties by directors and senior executives of the Company, and effectively safeguarded interests of the Company and of all shareholders. The work report of the Supervisory Committee of the Company for the year 2022 is hereby submitted to the general meeting for deliberation, as follows:

I. HOLDING OF SUPERVISORY COMMITTEE MEETINGS DURING THE REPORTING PERIOD

During the reporting period, the Supervisory Committee held 5 meetings in total, with main contents as follows:

1. The 13th meeting of the 11th Supervisory Committee took place on 30 March 2022 by means of voting via communications, expected to be attended and actually attended by 3 supervisors and chaired by chief supervisor Mr. Zhuang Jianhao. The meeting deliberated and passed the Work Report of the Supervisory Committee for the Year 2021, the Final Financial Report for the Year 2021 and the Financial Budget Report for the Year 2022 of the Company, the Full Text and Abstract of Annual Report for the Year 2021, the Internal Control Self-assessment Report of the Company for the Year 2021, the Resolution on Estimated Ongoing Ordinary Related-party Transactions of the Company for the Year 2022, the Resolution on Application for Comprehensive Bank Credit Facilities of the Company for the Year 2022, the Resolution on the Provision of Guarantee by the Company for Controlled Subsidiaries with respect to External Financing for the Year 2022, the Resolution on the Use of Idle Fund for Cash Management of the Company, the Resolution on the Re-appointment of Domestic Audit Firm and Internal Control Audit Firm of the Company for the Year 2022, the Resolution on the Re-appointment of Overseas Audit Firm of the Company for the Year 2022, the Resolution on Change to Controlled subsidiaries and Equity Method Corporate Accounting Policies, and the Resolution on Accrual of Asset Impairment Provision and Asset Write-off of the Company for the Year 2021.

2. The 14th meeting of the 11th Supervisory Committee took place on 29 April 2022 by means of voting via communications, deliberating and passing the Report of the Company for the First Quarter of 2022;
3. The 15th meeting of the 11th Supervisory Committee took place on 30 August 2022 by means of voting via communications, deliberating and passing the Semiannual Operation Work Report of the Company for the Year 2022 and the Semiannual Report and its Abstract of the Company for the Year 2022;
4. The 16th meeting of the 11th Supervisory Committee took place on 28 October 2022 by means of voting via communications, deliberating and passing the Third Quarterly Report of the Company of 2022;
5. The 17th meeting of the 11th Supervisory Committee took place on 14 November 2022 by means of voting via communications, deliberating and passing the Agreement on Conduct of Sale-leaseback Financial Leasing Business between Controlled subsidiaries and Related Parties.

II. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY

In 2022, the Supervisory Committee of the Company seriously performed its duties, supervised and examined law-abiding operation, significant decisions, financial condition and related-party transactions of the Company according to relevant provisions of such laws and regulations as the Company Law, the Securities Law and the Articles of Association and by starting from the perspective of effectively safeguarding interests of the Company and its shareholders and in close conjunction with the Company's development strategy and annual work arrangements, on which basis the following independent opinions are expressed:

(I) Operation of the Company according to law

During the reporting period, the Supervisory Committee supervised and monitored the convening procedures and matters of resolution of the board of directors and general meeting of the Company, execution of general meeting resolutions by the board of directors, performance of duties by senior executives, execution of various management policies of the Company and production and operational status of the Company in this year. The Supervisory Committee believes the convening and holding procedures of general meetings and board meetings comply with relevant provisions of relevant laws and regulations and the Articles of Association; directors and senior executives of the Company could strictly execute any and all resolutions of general meetings and board meetings, and no violation of national laws and regulations or articles of association or detriment to interests of the company and its shareholders was found.

(II) Financial condition of the Company

In 2022, the Supervisory Committee actively performed its duties of supervising and inspecting the financial operation by holding meetings, reviewing regular reports of the company and audit reports issued by accounting firms or otherwise. The Supervisory Committee believes the procedures for preparation and deliberation of regular reports comply with relevant laws and regulations and company rules such as the Company Law, the Securities Law and the Articles of Association as well as internal control system.

During the reporting period, the 2021 “standard, unqualified” auditor’s report issued by BDO China Shu Lun Pan Certified Public Accountants LLP to the company is objective and impartial, truly and fairly reflecting the financial condition and business results of the company for the year 2021.

(III) Related-party transactions of the Company

In 2022, the Supervisory Committee of the Company seriously supervised any and all significant related-party transactions of the Company within the reporting period, believing that related-party transactions of the company all follow the fair, impartial and open principles, comply with relevant national laws and regulations and the Articles of Association, are fair and reasonable and contain sufficient information disclosure, without any act detrimental to interests of the company and its shareholders found.

(IV) External guarantees of the Company

In 2022, resolutions related to external guarantee of the Company were executed according to relevant laws and regulations and the Articles of Association after being deliberated and approved by board meetings and general meetings. In this reporting period, the Company’s decision making procedures for accumulated and current external guarantees all complied with relevant laws, regulations and rules and the Articles of Association and provided sufficient and complete information disclosure, without any act found detrimental to interests of the listed company and its shareholders. The Company strictly controlled risks associated with external guarantee such that there is no possibility that the Company would assume joint and several liability for repayment due to external guarantee, nor is there any circumstance of contravention of “CSRC Decree [2003]No. 56”, “CSRC Decree [2005]No. 120”, and the Stock Listing Rules.

(V) Execution of general meeting resolutions

In 2022, the Supervisory Committee of the Company supervised the execution of general meeting resolutions, believing that the board of directors of the Company could seriously perform related general meeting resolutions. The Company has complete and independent business and autonomous operation capacities, the controlling shareholders of the Company strictly regulated shareholder behavior and exercised rights of contributors through general meeting, without directly or indirectly interfering with the Company's decisions or operating activities beyond the authorities of the general meeting.

(VI) Information disclosure of the Company

Within the reporting period, the Company seriously performed its information disclosure obligations, gave due regard to habit difference of domestic and overseas investors and conducted information disclosure in a timely, lawful, true and complete manner strictly according to regulatory provisions of both stock exchanges, the Articles of Association, the Administrative Measures for Information Disclosure and the Insider Information Holder Registration Management System, thus giving good integration effect to information disclosure in both places of listing.

(VII) Internal control of the company

During the reporting period, the Supervisory Committee reviewed the Internal Control Self-Assessment Report of Shanghai Dazhong Public Utilities (Group) Co., Ltd for the Year 2021, without any objections. Meanwhile, it reviewed the Internal Control Audit Report on Shanghai Dazhong Public Utilities (Group) Co., Ltd issued by BDO China Shu Lun Pan Certified Public Accountants LLP, believing that the company maintained in all material aspects effective internal control over financial statements according to the Basic Code for Internal Control of Enterprises on 31 December 2022. In 2022, the company's key internal control activities were normative, lawful and effective, without any violation of relevant provisions of securities regulators or the company's internal control system.

III. WORK PLAN FOR THE YEAR 2023

For 2023, the Supervisory Committee of the Company will continue strictly carrying out relevant provisions of the Securities Law, the Company Law, the Stock Listing Rules, Hong Kong Listing Rules and the Rules of Procedure for Supervisory Committee, faithfully and diligently perform its supervisory duties, drive the modernization of the Company's governance system and capabilities and provide desirable support for the high-quality development of the Company.

The work priorities for 2023 are as follows:

- (I) Further do a good job of supervisors in day-to-day supervision. Attend board meetings, general meetings and relevant work meetings as nonvoting attendees according to law, keep informed of legal and regulatory compliance of significant decision matters and various decision-making procedures of the Company, and periodically conduct financial audit to maintain and safeguard interests of the Company and its shareholders.
- (II) Become more capable to perform their duties. Strengthen information exchange with related external regulatory authorities, keep informed of and learn the latest regulatory rules according to requirements of regulators for the ability of Supervisory Committee to perform their duties, fully leverage the supervisory and inspection functions of the Supervisory Committee and continuously enhance the professional competency and overall qualities of supervisors.
- (III) Continuously supervise due diligence of the Company's directors and senior executives, urge and beef up compliant practice management for practitioners and prevent occurrence of any acts detrimental to interests or image of the Company.

APPENDIX III FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR THE YEAR 2023 OF THE COMPANY
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The final financial report for the year 2022 and the financial budget report for the year 2023 of the Company are as follows:

I. KEY FINANCIAL INDICATORS FOR 2022

Currency: RMB

Indicator	Unit	2022	2021	Change (%)
Revenue	Thousand Yuan	5,812,621	5,587,531	4.03
Total profit	Thousand Yuan	(299,486)	493,920	(160.63)
Net profit	Thousand Yuan	(254,069)	392,175	(164.78)
Net profits attributable to owners of the parent company	Thousand Yuan	(332,591)	303,356	(209.64)
Weighted average return on equity	%	(2.61)	3.97	Down by 6.58 percentage points
Per-share net assets	Yuan	2.77	2.93	(5.53)
Per-share earnings	Yuan	(0.1126)	0.1027	(209.64)
Net cash flows from operating activities per share	Yuan	0.1414	0.1958	(27.79)

II. FINANCIAL CONDITION OF THE COMPANY IN 2022

1. Asset Structure of the Company

As of 31 December 2022, total assets of the Company amounted to RMB23,245,923 thousand, representing a decrease of RMB428,193 thousand as compared with RMB23,674,116 thousand at the beginning of the year. Among the total assets of the Company, current assets amounted to RMB8,459,122 thousand, representing a decrease of RMB568,642 thousand as compared with RMB9,027,764 thousand at the beginning of the year, in which trade and bill receivables decreased by RMB785,658 thousand, lease receivables decreased by RMB83,539 thousand, prepayments and other receivables increased by RMB245,644 thousand, amounts due from grantee decreased by RMB36,893 thousand, financial assets at fair value through profit or loss decreased by RMB1,077,202 thousand, financial assets at amortized cost increased by RMB201,372 thousand, cash and cash equivalents increased by RMB935,864 thousand as compared with that at the beginning of the year; current assets accounted for 36.39% of the total assets, decreased 1.74 percentage points as compared with 38.13% at the beginning of the year. Non-current assets amounted to RMB14,786,801 thousand, representing an increase of RMB140,449 thousand as compared with RMB14,646,352 thousand at the beginning of the year, in which property, plant and equipment decreased by RMB8,813 thousand, investment property decreased by RMB6,220 thousand, intangible assets decreased by RMB14,670 thousand, investments in joint ventures increased by RMB74,027 thousand, investments in associates decreased by RMB183,571 thousand, financial assets at fair value through other comprehensive income decreased by RMB12,592 thousand, financial assets at amortized cost increased by RMB94,457 thousand, trade and bill receivables decreased by

APPENDIX III FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR THE YEAR 2023 OF THE COMPANY
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RMB7,238 thousand, lease receivables increased by RMB183,267 thousand, amounts due from grantee increased by RMB14,364 thousand and right-of-use assets decreased by RMB7,928 thousand as compared with that at the beginning of the year. Non-current assets amounted for 63.61% of the total assets, increased 1.74 percentage points as compared with 61.87% at the beginning of the year.

2. Assets and liabilities and solvency

As of 31 December 2022, total liabilities of the Company amounted to RMB13,725,523 thousand, representing an increase of RMB11,439 thousand as compared with RMB13,714,084 thousand at the beginning of the year. Gearing ratio was 92.80%, representing an increase of 7.24 percentage points as compared with 85.56% of the previous year. The balance of guarantees for controlled subsidiaries amounted to RMB1,491,686 thousand, accounting for 18.23% of net assets of the Company.

3. Asset profitability

In 2022, the Company's weighted average return on net assets was (2.61)%, representing a decrease of 6.58 percentage points as compared with 3.97% of the corresponding period of the previous year.

4. Operating results of the Company

In 2022, the Company recorded a total revenue of RMB5,812,621 thousand, representing an increase of 4.03% as compared with RMB5,587,531 thousand of the corresponding period of the previous year. Consolidated total profit amounted to RM (299,486 thousand); consolidated net profit amounted to RMB(254,069 thousand); and net profit attributable to owners of the parent company amounted to RMB(332,591 thousand), representing a decrease of 160.63%, 164.78% and 209.64%, respectively, as compared with that of the corresponding period of the previous year.

III. OPERATION OF THE MAJOR INVESTMENT SEGMENTS OF THE COMPANY

1. Transportation sector

In 2022, Dazhong Transportation actively responded to challenges like a team, deepened organizational reforms, seized market opportunities and endeavored to minimize losses from the pandemic. During the closedown in Shanghai, it completed various special supporting tasks, fulfilled its social responsibility and demonstrated brand commitment. Meanwhile, Dazhong Transportation actively advanced organizational reforms, strengthened institutional improvement efforts, normalized corporate governance practices, accelerated its digitalization drive, further transformed and upgraded itself, generating revenue of RMB2,360,111 thousand in 2022.

APPENDIX III FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR THE YEAR 2023 OF THE COMPANY
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In 2022, Dazhong Run Logistics actively fought the pandemic on the frontline, and provide anti-epidemic supplies to many government agencies, companies and institutions and online supermarkets during the closedown in the first half of 2022; at the end of 2022, it got involved in the frontline work of 120 first-aid center and district-level civil affairs. Meanwhile, the Company actively expanded oxygen cylinder and nitrogen cylinder distribution business using its Class 2 hazardous substance license, with its distribution operations covering three islands of Shanghai. In 2022, it generated revenue of RMB135,254 thousand.

2. Gas sector

In 2022, Shanghai Dazhong Gas coped with the impacts of the pandemic calmly, carried out pandemic containment measures effectively and orderly and ensured safe gas supply within its service areas; it actively fulfilled safety responsibility by conducting hazard identification in a sweeping manner, and extended service reform and innovation as well as IT drive through multiple measures, with a gas engineering business system officially launched within the year and playing an effective role of collaborative management. In 2022, the Company generated revenue of RMB3,807,460 thousand.

In 2022, Nantong Dazhong Gas actively responded to the impacts of the pandemic by seeking policy benefits and advancing implementation of price linkage mechanism while doing a good job of pandemic containment across the board. The Company made considerable achievements in many aspects such as secured supply, smart gas, engineering construction and external service, thus advancing the high-quality development of the company. In 2022, it generated revenue of RMB1,498,894 thousand.

In 2022, Suchuang Gas was delisted from HKSE, as CR Gas acquired 80.695% of its shares after completion of its acquisition of shares in Suchuang Gas; Dazhong Hong Kong holds 19.305% shares in the Company. While actively exploiting the gas supply potential in the operating area, Suchuang Gas steadily carried out all aspects of business operations such as safety, rationalizing pricing system, gas sources, market development and integrated energy.

3. Municipal and environmental sector

In 2022, Dazhong Jiading Sewage formulated multiple contingency plans and actively responded to challenges and difficulties brought by the pandemic. During the extraordinary periods, it adjusted production shift schedule, mobilized resources for equipment repair through both inside and outside the Company, safeguarded supply of production chemicals and sludge transport, and actively pursued approval of its fourth phase of expansion project while ensuring normal and standard-hitting discharges from production operations. In 2022, it treated a total of 61.5148 million tons of sewage, or 168,500 tons per day on average.

<div>APPENDIX III FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR THE YEAR 2023 OF THE COMPANY</div>
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In 2022, Jiangsu Dazhong Water, by overcoming numerous influencing factors such as pandemic-related closedown, environmental inspection and fluctuations of production resources and elements, strengthened normative management, carried out the price review system during procurement process across the board and steadily pursued a development model of “controlling costs and increasing profitability” while strengthening groundwork for workplace safety and ensuring steady, standard-hitting discharge of effluents. In 2022, it treated a total of 78.6968 million tons of sewage, or 215,600 tons per day on average.

Municipal projects financed and built by the company: in 2022, as Xiangyin Road Tunnel runs safely and normatively day by day, a one-off franchise subsidy has been obtained pursuant to a supplementary agreement officially executed with the Transportation Commission.

4. Financial investment sector

In 2022, Dazhong Hong Kong paid close attention to the development of the pandemic and international economic trends, actively responded to contingent risks to reduce impacts of the pandemic on operations, and explored more investment opportunities in due course. The company further reduced leverage and strictly controlled operating risks, while actively taking stock of existing projects and reducing risk exposure.

In 2022, Dazhong Financial Leasing overcame the impacts of the pandemic, steadily pursued transformation of its business model and focused on the two key areas of “consumer finance and platform finance” to expand its business; with its mobile phone consumer installment credit business well underway, it successfully issued two phases of China Mobile mobile wallet ABS at a nominal rate that is the lowest among products of the same period and same kind. Dazhong Factoring made profits in its first year of operation. In 2022, the two companies achieved revenue of RMB85,134 thousand combined.

In 2022, Dazhong Commerce continuously explored new business, created the converged payment business and successfully acquired the qualification as “acquiring outsourced service provider”; it actively conducted marketing campaigns, enriched its APP online user scenarios, optimized user experience and carried out information security and compliance with policy as always.

In 2022, 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 in by Shenzhen Capital. By the end of 2022, SCG has invested in 1,532 projects with a total investment amount of about RMB92.3 billion, of which 239 investees were listed on 17 capital markets worldwide and 470 projects have exited (including IPO).

<div>APPENDIX III FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR THE YEAR 2023 OF THE COMPANY</div>
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In 2022, the projects invested in by Huacan Fund, which the Company joined as a partner, such as Century Huatong, Taihe Water and Qianfang Technology, continued to operate in an orderly manner. The Huahai Qingke Co., Ltd invested in by Dacheng Huicai (Shenzhen) Industry Partnership (Limited Partnership) in which the Company holds a stake, has been listed on the science and technology innovation board; Jiangyin Runma Electric Materials Co., Ltd has entered into the stage of listing inquiry by CSRC with respect to its IPO. Other platform-based companies and special equity participation funds in which the Company participates saw their investment projects steadily running in 2022, while the Company actively did a good job of post-investment management and multi-channel exit.

IV. FINANCIAL BUDGET OF THE COMPANY FOR 2023

For 2023, the Company will work deeply in Shanghai and reach out to Yangtze River Delta region with high-quality development as the objective and closely surrounding its development strategy of “equal focus on public utilities and financial investment. While being based on public utilities as its main business and keeping robust business operations, the Company will continuously improve corporate governance structure, raise the level of internal governance and take multiple measures to ensure continuous and healthy development of the Company.

1. Operating Objectives

The Company will keep its main business steady in 2023. Its major operating objectives in various industries are as follows:

(1) *Transportation*

In 2023, Dazhong Transportation will constantly pursue its development model of organizational optimization and solidifying two wings and four pillars, adapt to the market changes, shift its focus forward, and always focus on service improvement and brand guidance. On the one hand, it will break through the traditional way of operation and make its business operations more profitable; on the other hand, it will expand markets, increase business volume, adhere to its core approach of “customer centric and change-enabled development”, and construct a new development pattern amid new opportunities through innovative development.

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(2) *Gas sector*

In 2023, the gas business of the Company will actively seek opportunities of project expansion in the gas industry while further stabilizing existing gas business, effectively leverage the synergistic effect between gas industries by integrating gas resources, extend the gas industry chain both upstream and downstream revolving around its main business, constantly enhance the core competitiveness of the Group's gas business, and make the gas business more sustainable and profitable.

(3) *Municipal and environmental sector*

In 2023, the municipal and environmental sector will continue keeping closely aligned with the national strategies of green development and Yangtze River Delta integration. With a focus on water investment and operation, the Company will expand its business scope through upgrading and transformation as well as alteration and expansion to continuously increase its operation and management scale and the level of project operation and management. Meanwhile, subsidiaries Dazhong Jiading and Jiangsu Dazhong will further leverage their complementary advantages and share resources to improve quality and efficiency and create value through synergies. As to Xiangyin Road tunnel, the Company will continue to ensure proper daily operation and management and safety assurance.

(4) *Financial investment sector*

In 2023, with respect to self-run financial industry, Dazhong Financial Leasing will continue to expand its business surrounding "consumer finance and platform finance" and do a good job in the interconnection and interaction between factoring and leasing business closely according to the national strategic plan for boosting domestic demand. Dazhong Commerce will further optimize the merchant structure, enhance the online payment experience, and pursue the new business model of converged payment. In terms of venture capital investment business, the Company will continue to strengthen the post-investment management of platform enterprises and equity funds, accelerate the exit process of investment projects, increase the fund turnover efficiency and keep balanced and benign development between investment project recovery and new project investment.

APPENDIX III FINAL FINANCIAL REPORT FOR THE YEAR 2022 AND THE FINANCIAL BUDGET REPORT FOR THE YEAR 2023 OF THE COMPANY
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2. Financing objectives

In 2023, the Company will continue properly maintaining its credit rating and bond credit rating, keep informed of the dynamics of the financial industry and strictly control financial risks. At the same time, the Company will flexibly apply various financing tools to keep informed of cash flow and gearing ratio indicators, continuously ensure proper cash operation and management, increase fund utilization efficiency, effectively control liability ratio and preserve its ability to respond to risks while meeting the needs of the Company in terms of short-term turnover, debt repayment, and allocation of funds for key investment projects.

3. Investment objectives

In 2023, the Company will further adjust its industrial investment structure, endeavor to solidify the role of public utilities business as the cornerstone, strengthen its corporate legacy and foundation surrounding two main business lines of gas and environment, increase the investment proportion in key projects of public utilities, and expand high-quality projects such as gas engineering, sewage treatment, garbage and upstream and downstream extension of industry chain, and concentrate its advantageous resources to support the development of its main business.

In 2023, the Company will actively respond to the uncertainties brought by economic situations at home and abroad. According to the “14th Five Year” strategic development plan formulated by it, the Company will seize new opportunities, take new steps and make a new difference, actively seek high-quality projects of public utilities as its main business, constantly explore new performance growth points and ensure all aspects of the Company’s business operations will grow continuously and healthily.

The profit distribution proposal of the Company for the year 2022 is as follows:

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the Company realized net loss attributable to owners of the parent company in consolidated statements of RMB332,591 thousand in 2022, and the parent company realized after-tax profits of RMB170,799 thousand. According to the Company Law and the Articles of Association, the company will distribute profits with a plan as follows:

Legal reserve of RMB17,080 thousand will be set aside at 10% of net profits of the parent company for 2022, plus the rolled-over undistributed profits of the parent company of 2021 in the amount of RMB1,670,088 thousand and minus distributed profits of RMB147,622 thousand in 2022, resulting in total profits available for distribution of RMB1,676,185 thousand. With the total share capital of 2,952,434,675 shares at the end of 2022 as the base, it is proposed to distribute cash dividends of RMB0.30 (tax inclusive) per 10 shares and distribute profits of RMB88,573 thousand in total, with the remaining undistributed profits of RMB1,587,612 thousand to be retained for distribution in future years.

APPENDIX V	RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR THE YEAR 2023
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According to relevant provisions such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Guidelines for the Implementation of Related Party Transactions of Companies Listed on the Shanghai Stock Exchange, and in light of operational needs of the Company, it is predicted that main contents of daily related-party transactions between the Company and its subsidiaries, affiliates and joint ventures in 2023 are as follows:

I. BASIC INFORMATION ABOUT DAILY RELATED-PARTY TRANSACTIONS

(I) Deliberation procedure for conduct of daily related-party transactions

- (1) Estimated ongoing ordinary related-party transactions of purchase of natural gas and LNG and engineering construction by subsidiaries of the company Shanghai Dazhong Gas and Nantong Dazhong Gas from entities like Shanghai Gas due to day-to-day operational needs;
- (2) Estimated ongoing ordinary related-party transactions of provision of transportation and labor services by a subsidiary of the company Dazhong Run to Shanghai Gas Co., Ltd and its controlled subsidiaries due to day-to-day operational needs;
- (3) Estimated ongoing ordinary related-party transactions of leasing of office premises by a subsidiary of the company Shanghai Dazhong Gas to Shanghai Gas Co., Ltd and its controlled subsidiaries due to day-to-day operational needs;
- (4) Estimated ongoing ordinary related-party transactions of purchase of materials and services by a subsidiary of the company Shanghai Dazhong Gas from Shanghai Gas's wholly-owned subsidiary Gas Operation Service due to day-to-day operational needs;
- (5) Estimated ongoing ordinary related-party transactions of provision of transportation services and labor services by a subsidiary of the company Dazhong Run to a shareholder of the company Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries due to day-to-day operational needs;
- (6) Estimated ongoing ordinary related-party transactions of purchase of materials and services by a subsidiary of the company Shanghai Dazhong Gas from a shareholder of the company Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries due to day-to-day operational needs;

- (7) Estimated ongoing ordinary related-party transactions of leasing of office premises and purchase of commodities and services by the company and its fellow subsidiary from an affiliate Dazhong Transportation and its controlled subsidiaries due to office needs;
- (8) Estimated ongoing ordinary related-party transactions of leasing office premises and purchase of commodities and services by an affiliate of the company Dazhong Transportation and its controlled subsidiaries from the company due to day-to-day operational needs;
- (9) Estimated ongoing ordinary related-party transactions in which the company engages its controlling shareholder Dazhong BM and its controlled subsidiary Dazhong Hebin to provide operation, management and services for real property assets of the company and their users and Dazhong Hebin leases houses and provides management to the company due to day-to-day operational needs, which constitute daily related-party transactions;
- (10) Estimated ongoing ordinary related-party transactions in which a wholly-owned subsidiary of the company Dazhong Factoring conducts A/R and other factoring business with an affiliate of the company Dazhong Transportation and its controlled subsidiaries due to day-to-day operational needs;
- (11) Estimated ongoing ordinary related-party transactions in which a wholly-owned subsidiary of the company Dazhong Factoring conducts A/R and other factoring business with a controlling shareholder of the company Dazhong BM and its controlled subsidiaries due to day-to-day operational needs;
- (12) Estimated ongoing ordinary related-party transactions in which a subsidiary of the company Dazhong Financial Leasing conducts sale-leaseback and other financial leasing business with Dazhong BM and its controlled subsidiaries due to day-to-day operational needs.

APPENDIX V	RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR THE YEAR 2023
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II. ESTIMATED AMOUNTS AND CATEGORIES OF DAILY RELATED-PARTY TRANSACTIONS

Currency: RMB Unit: Ten thousand Yuan

Name of related party	Type of related-party transaction	Contents of related-party transaction	Manner of pricing of related-party transaction	Estimated amount of 2023 (pre-tax)	Incurred amount of 2022 (pre-tax)
Shanghai Gas Co., Ltd	Purchase of raw materials and labor services from related parties	Purchase of natural gas and LNG, engineering construction and labor services, etc.	Government pricing	400,000.00	306,032.54
Shanghai Gas Co., Ltd and its controlled subsidiaries	Provision of labor services to related parties	Transportation services and labor services, etc.	Fair market price	4,000.00	0.00
Shanghai Gas Co., Ltd and its controlled subsidiaries	Leasing of assets from related parties	Leasing of office premises, etc	Fair market price	600.00	472.38
Shanghai Gas Operation Service Co., Ltd	Purchase of raw materials from related parties	Purchase of materials and services	Fair market price	1,200.00	0.00
Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries	Provision of labor services to related parties	Transportation services	Fair market price	7,000.00	3,032.17
Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries	Purchase of materials from related parties	Purchase of materials and services	Fair market price	500.00	32,414.32
Dazhong Transportation (Group) Co., Ltd and its controlled subsidiaries	Leasing of assets from related parties	Leasing of office premises, and purchase of commodities and services, etc.	Fair market price	1,000.00	646.77
Dazhong Transportation (Group) Co., Ltd and its controlled subsidiaries	Leasing of assets to related parties	Leasing of office premises, and purchase of commodities and services, etc.	Fair market price	500.00	0.00

APPENDIX V	RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR THE YEAR 2023
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Name of related party	Type of related-party transaction	Contents of related-party transaction	Manner of pricing of related-party transaction	Estimated amount of 2023 (pre-tax)	Incurred amount of 2022 (pre-tax)
Shanghai Dazhong Business Management Co., Ltd and Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd	Acceptance of asset management services from related parties	Provision of operation, management and service for the company's real property assets and their users	Fair market price	300.00	222.24
Shanghai Dazhong Business Management Co., Ltd and Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd	Leasing of assets to related parties	Leasing of houses to Dazhong Hebin	Fair market price	300.00	204.82
Shanghai Dazhong Business Management Co., Ltd and its controlled subsidiaries	Managing assets and business of related parties upon request	Conducting A/R and other factoring business	Fair market price	8,000.00	2,300.00
Dazhong Transportation (Group) Co., Ltd and its controlled subsidiaries	Managing assets and business of related parties upon request	Conducting A/R and other factoring business	Fair market price	10,000.00	0.00
Shanghai Dazhong Business Management Co., Ltd and its controlled subsidiaries	Leasing of assets to related parties	Sale-leaseback and other financial leasing business	Fair market price	15,000.00	6,500.00

III. INFORMATION ABOUT RELATED PARTIES AND ASSOCIATED RELATIONSHIP

(I) Information about related parties

Related party 1: Shanghai Gas Co., Ltd

1. Company name: Shanghai Gas Co., Ltd
2. Nature of enterprise: LLC (foreign-funded, not sole proprietorship)
3. Legal representative: Wang Zhehong
4. Registered capital: RMB1,333,333,333
5. Major shareholders: Shenergy (Group) Co., Ltd, Towngas Smart Energy Company Limited (formerly Towngas Limited)

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6. Main business: dealing in gas, gas infrastructure construction, operation and management, gas equipment and gas appliances, etc.
7. Date of incorporation: 27 December 2018
8. Domicile: Room 1009, #958 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone.
9. As of 31 December 2022, total assets of RMB23,321.6046 million, net assets RMB7,441.6864 million, main business revenue RMB30,903.1479 million and net profits RMB-2,911.0551 million (all of the aforesaid data is unaudited, on a consolidated basis).

Related party 2: Shanghai Gas (Group) Co., Ltd

1. Company name: Shanghai Gas (Group) Co., Ltd
2. Nature of enterprise: LLC (sole proprietorship of legal person invested or controlled by non-natural person)
3. Legal representative: Li Qingfeng
4. Registered capital: RMB4,190.0000 million
5. Major shareholder: a wholly-owned subsidiary of Shenergy (Group) Co., Ltd
6. Main business: investment in, construction, operation and management of natural gas pipeline networks and their transmission and distribution facilities (including West-East natural gas transmission), investment in renovation and management of gas pipelines and gas production enterprises.
7. Date of incorporation: 12 February 2004
8. Domicile: Room 1008, #958 Lujiazui Ring Road, Shanghai
9. As of 31 December 2022, Gas Group had total assets of RMB12,400.4700 million, net assets of RMB10,647.6200 million, operating revenue of RMB534.2500 million and net profits attributable to owners of the parent company RMB1,701.0300 million. (All of the aforesaid data is unaudited).

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Related party 3: Shanghai Gas Operation Service Co., Ltd

1. Company name: Shanghai Gas Operation Service Co., Ltd
2. Nature of enterprise: LLC (sole proprietorship of legal person invested or controlled by non-natural person)
3. Legal representative: Tang Yichun
4. Registered capital: RMB50.0000 million
5. Major shareholder: Shanghai Gas Co., Ltd
6. Main business: installation and repair of gas burners, etc.
7. Date of incorporation: 30 September 2022
8. Domicile: Room 402-5, Building 4, #11 Alley 1888, Caoyang Road, Putuo District, Shanghai
9. Audit data unavailable for now

Related party 4: Shanghai Dazhong Business Management Co., Ltd

1. Company name: Shanghai Dazhong Business Management Co., Ltd
2. Type of enterprise: other limited liability company
3. Legal representative: Zhao Siyuan
4. Registered capital: RMB159.0000 million
5. Major shareholder: Shanghai Dazhong Business Management Employee Share Ownership Committee
6. Main business: operation management and enterprise management of car rental companies and relevant companies.
7. Date of incorporation: 10 March 1995
8. Domicile: Room 182, Section S, 1F, Building 3, #7 Jiayi Industrial Area, Industrial Park, Qingpu District, Shanghai
9. As of 31 December 2022, total assets of RMB1,895.4701 million, net assets of RMB731.1917 million, main business revenue of RMB13.0511 million and net profits of RMB14.9903 million (all of the aforesaid data is unaudited).

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Related party 5: Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd

1. Company name: Shanghai Dazhong Hebin Hotel Operation Management Co., Ltd
2. Type of enterprise: LLC
3. Legal representative: Mao Yisong
4. Registered capital: RMB2.0000 million
5. Major shareholder: a wholly-owned subsidiary of Shanghai Dazhong Business Management Co., Ltd
6. Main business: hotel management (except for hotel operation), and property management, etc.
7. Date of incorporation: 18 July 2003
8. Domicile: Room 102, Building 3, #888 Changshou Road, Putuo District, Shanghai
9. As of 31 December 2022, total assets of RMB7.4205 million, net assets of RMB4.5803 million, main business revenue of RMB5.2129 million and net profits of RMB211,400 (all of the aforesaid data is unaudited).

Related party 6: Dazhong Transportation (Group) Co., Ltd

1. Company name: Dazhong Transportation (Group) Co., Ltd
2. Type of enterprise: company limited by shares (Sino-foreign joint venture, listed)
3. Registered address: Building 12, #1515 Zhongshan West Road, Xuhui District, Shanghai
4. Office address: Building 22, #1515 Zhongshan West Road, Xuhui District, Shanghai
5. Major shareholder: Shanghai Dazhong Public Utilities (Group) Co., Ltd
6. Legal representative: Yang Guoping
7. Registered capital: RMB2,364.122864 million

APPENDIX V	RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR THE YEAR 2023
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8. Main business: enterprise operation and management consulting, modern logistics, transportation (taxi and inter-provincial chartered bus transport) and related vehicle repair (by branches only), etc.
9. As of 31 December 2022, total assets of RMB20,044.7975 million, net assets attributable to the parent company of RMB9,372.1725 million, operating revenue of RMB2,163.1347 million and net profits of RMB(237.0135) million (all of the aforesaid data is unaudited).

(II) Description of associated relationships

1. Considering that Shanghai Dazhong Gas is a subsidiary having significant influence over the company, the company holds 50% shares in it and Shanghai Gas holds 50% shares in Shanghai Dazhong Gas, according to relevant provisions of the Stock Listing Rules of Shanghai Stock Exchange, since Shanghai Gas acts as a legal entity holding over 10% shares in a subsidiary having significant influence over a listed company, Shanghai Gas Operation Service Company is a wholly-owned Subsidiary of Shanghai Gas, purchase of natural gas and LNG and engineering construction by subsidiaries of the company such as Shanghai Dazhong Gas and Nantong Dazhong Gas from Shanghai Gas, provision of transportation services by a subsidiary of the company Dazhong Run Logistics to Shanghai Gas Co., Ltd and its controlled subsidiaries, leasing of office premises by a subsidiary of the company Shanghai Dazhong Gas to Shanghai Gas Co., Ltd and its controlled subsidiaries, and purchase of materials and services by a subsidiary of the company Shanghai Dazhong Gas from Shanghai Gas Operation Service Company, all constitute daily related-party transactions.
2. Considering that Gas Group is the second largest shareholder of the company holding over 5% shares, provision of transportation and labor services by a subsidiary of the company Dazhong Run Logistics to a shareholder of the company Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries, and purchase of materials and services by a subsidiary of the company Shanghai Dazhong Gas from a shareholder of the company Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries constitute daily related-party transactions.
3. Considering that the board chairman of the company Mr. Yang Guoping, director Mr. Liang Jiawei and supervisor Ms. Zhao Siyuan all double as directors of Dazhong Transportation, and the company is the largest shareholder of Dazhong Transportation, according to relevant provisions of the Stock Listing Rules of Shanghai Stock Exchange, leasing of office

premises and purchase of commodities and services by the company and its subsidiaries from an affiliate Dazhong Transportation and its controlled subsidiaries, and leasing of office premises and purchase of commodities and services by an affiliate of the company Dazhong Transportation and its controlled subsidiaries from the company constitute daily related-party transactions.

4. Considering that the board chairman of the company Mr. Yang Guoping, director Mr. Liang Jiawei and supervisor Ms. Zhao Siyuan all double as directors of Dazhong BM, Dazhong BM is the largest shareholder of the company, and that Dazhong Hebin is a wholly-owned subsidiary of Dazhong BM, the company engaging Dazhong BM and Dazhong Hebin to provide operation, management and services to real property assets of the company and their users and Dazhong Hebin leasing houses and providing management to the company constitute daily related-party transactions.
5. Considering that the board chairman of the company Mr. Yang Guoping, director Mr. Liang Jiawei and supervisor Ms. Zhao Siyuan all double as directors of Dazhong BM, and Dazhong BM is the largest shareholder of the company, a wholly-owned subsidiary of the company Dazhong Factoring conducting accounts receivable and other factoring business with Dazhong BM and its controlled subsidiaries constitutes daily related-party transactions.
6. Considering that the board chairman of the company Mr. Yang Guoping, director Mr. Liang Jiawei and supervisor Ms. Zhao Siyuan all double as directors of Dazhong Transportation (Group) Co., Ltd and the company is the largest shareholder of Dazhong Transportation, according to relevant provisions of the Stock Listing Rules of Shanghai Stock Exchange, a wholly-owned subsidiary of the company Dazhong Factoring conducting A/R and other factoring business with Dazhong Transportation and its controlled subsidiaries constitutes daily related-party transactions.
7. Considering that the board chairman of the company Mr. Yang Guoping, director Mr. Liang Jiawei and supervisor Ms. Zhao Siyuan all double as directors of Dazhong BM, and Dazhong BM is the largest shareholder of the company, a controlled subsidiary of the company Dazhong Financial Leasing conducting sale-leaseback and other financial leasing business with Dazhong BM and its controlled subsidiaries constitute daily related-party transactions.

APPENDIX V	RESOLUTION ON THE ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS OF THE COMPANY FOR THE YEAR 2023
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IV. PRICING POLICY OF RELATED-PARTY TRANSACTIONS

Any and all transactions between the company and its subsidiaries and related parties follow the principle of fairness, impartiality and reasonableness and are made according to state pricing or fair market price in absence of state pricing, as follows:

1. In case of daily related-party transactions such as subsidiaries of the company Shanghai Dazhong Gas and Nantong Dazhong Gas purchasing natural gas, LNG and engineering construction from Shanghai Gas, etc, all parties to related-party transaction will determine the purchase and sale prices according to relevant national regulations and guiding principles set by the competent government authorities.
2. In case of daily related-party transactions in which a subsidiary of the company Dazhong Run Logistics provides transportation services to Shanghai Gas Co., Ltd and its controlled subsidiaries, all parties to related-party transaction determine the consideration for transportation service and consideration for labor services according to fair market prices.
3. In case of daily related-party transactions in which a subsidiary of the company Shanghai Dazhong Gas leases office premises to Shanghai Gas and its controlled subsidiaries, all parties to related-party transaction determine consideration for lease according to fair market price.
4. In case of daily related-party transactions in which a subsidiary of the company Shanghai Dazhong Gas purchases materials and services from Shanghai Gas Operation Service Company, all parties to related-party transaction determine consideration for purchase according to fair market price.
5. In case of daily related-party transactions in which a subsidiary of the company Dazhong Run Logistics provides transportation and other services to a shareholder of the company Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries, all parties to related-party transaction determine transaction amounts according to fair market price.
6. In case of daily related-party transactions in which a subsidiary of the company Dazhong Gas purchases materials and services from a shareholder of the company Shanghai Gas (Group) Co., Ltd and its controlled subsidiaries, all parties to related-party transaction determine purchase price according to fair market price.

7. In case of daily related-party transactions in which the company and its subsidiaries lease office premises and purchase commodities and services from an affiliate Dazhong Transportation and its controlled subsidiaries, all parties to related-party transaction determine considerations for lease and purchase according to fair market prices.
8. In case of daily related-party transactions in which an affiliate Dazhong Transportation and its controlled subsidiaries lease office premises and purchase commodities and services from the company, all parties to related-party transaction determine considerations for lease and purchase according to fair market prices.
9. In case of daily related-party transactions in which the company engages its controlling Shareholder. Dazhong BM and its controlled subsidiary Dazhong Hebin to provide operation, management and service to the real property assets of the company and their users, and daily related-party transactions in which Dazhong Hebin leases houses and provides management to the company, all parties to related-party transaction determine amounts of leasing service fees according to fair market price.
10. In case of daily related-party transactions in which a wholly-owned subsidiary of the company Dazhong Factoring conducts A/R and other factoring business with Dazhong Transportation and its controlled subsidiaries, all parties to related-party transaction determine transaction amounts according to fair market price.
11. In case of daily related-party transactions in which a wholly-owned subsidiary of the company Dazhong Factoring conducts A/R and other factoring business with Dazhong BM and its controlled subsidiaries, all parties to related-party transaction determine transaction amounts according to fair market price.
12. In case of daily related-party transactions in which a subsidiary of the company Dazhong Financial Leasing conducts sale-leaseback business with its controlling Shareholder. Dazhong BM and its controlled subsidiaries, all parties to related-party transaction determine transaction amounts according to fair market price.

V. PURPOSE OF RELATED-PARTY TRANSACTION SAND THEIR EFFECTS ON THE LISTED COMPANY

The aforesaid related-party transactions are necessary for day-to-day operations of the company and its subsidiaries and can assure continuous and stable operations of the company and its subsidiaries and will not jeopardize interests of the listed company, without adversely affecting the current and future financial condition or business results of the company or the independence of the listed company. The general meeting is requested to consent to the board of directors authorizing the management of the company and related subsidiaries to take charge of transaction-related activities such as signing agreements.

The details of the resolution on the application of bank credit facilities of the Company and its subsidiaries of 2022 are as follows:

Based on the funding requirements of the company for business development in 2023, the company and its subsidiaries plan to apply to banks and other financial institutions for a total comprehensive credit line of no more than RMB (including foreign currency translation) 18.0 billion (accumulated amount incurred), ultimately subject to the credit line actually approved by financial institutions. The valid period is from the date when the resolution is deliberated and passed by the general meeting of 2022 to the date when the next annual general meeting of the company is held.

The varieties of comprehensive credit line include but not limited to short-term working capital loan, medium and long-term borrowings, bank acceptance bill, guarantee, letter of credit, project loan and mortgage loan. Conditions of credit line such as specific credit limit, financing amount, term, interest rate and manner of guarantee are subject to contracts or agreements ultimately executed by and between the company and relevant financial institutions.

The general meeting is requested to consent to the board of directors authorizing the executive team of the company to divide and adjust the credit limits to be procured from banks and other financial institutions to the aforesaid limit as necessary for conduct of business, decide the specific conditions of application for credit facilities (such as cooperative financial institutions, interest rate and term, etc) and sign related agreements and other documents.

According to 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, taking into account the asset position of the Company as at the end of 2022 and the actual requirements for operation in 2023 and future development of all controlled subsidiaries, adhering to the principle of "reasonable allocation and effective use", the Company proposed the following resolutions regarding external guarantees in 2023 as follows:

I. OVERVIEW OF GUARANTEES

1. In 2023, the company will provide guarantees for the businesses of Shanghai Dazhong Municipal Development Co., Ltd, Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd, Shanghai Dazhong Environmental Industry Co., Ltd, Shanghai Dazhong Jiading Sewage Treatment Co., Ltd, Jiangsu Dazhong Water Group Co., Ltd, Xuzhou Fountainhead Sewage Treatment Co., Ltd, Peixian Fountainhead Water Operation Co., Ltd, Lianyungang West Lake Sewage Treatment Co., Ltd, Pizhou Fountainhead Water Operation Co., Ltd, Xuzhou Dazhong Water Operation Co., Ltd, Xuzhou Jiawang Dazhong Water Operation Co., Ltd, Shanghai Dazhong Gas Co. Ltd, Shanghai Dazhong Gas Investment Development Co., Ltd, Nantong Dazhong Gas Co., Ltd, Shanghai Dazhong Group Capital Equity Investment Co., Ltd, Shanghai Dazhong Assets Management Co., Ltd, Shanghai Dazhong Financial Leasing Co., Ltd, Shanghai Dazhong Transportation Commerce Co., Ltd, Dazhong (Hong Kong) International Corporation Limited, Dazhong (Vietnam) International Co., Ltd, Shanghai Dazhong Run Logistics Co., Ltd, Shanghai Ruyu Energy Investment Co., Ltd, Xuzhou Qingshanquan Dazhong Water Operation Co., Ltd, Shanghai Dazhong Run Supply Chain Management Co., Ltd, Fretum Construction & Engineering Enterprise Limited, Galaxy Building & Development Corporation Limited, Ace Best Investing Management Corporation Limited, Interstellar Capital Investment CO., Limited, Platinum Capital Investment Corporation Limited, Ultra Partner Limited, Century Charm Limited, Jiangsu Dazhong Environmental Governance Co., Ltd, Shanghai Dazhong Gas Pipeline Engineering Co., Ltd, Shanghai Zhongju Equipment Leasing Co., Ltd, Lianyungang Dazhong Environmental Governance Co., Ltd, Shanghai Dazhong Commercial Factoring Co., Ltd and Shanghai Zhongzhu Information Technology Co., Ltd (a total of 37 companies) and new controlled 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 as required by guaranteed parties.
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 guarantor is the same party, their guarantees to the guaranteed parties as set forth 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% (guarantees to Shanghai Dazhong Financial Leasing Co., Ltd and its subsidiaries, Shanghai Dazhong Gas Co., Ltd, Nantong Dazhong Gas Co., Ltd, Jiangsu Dazhong Water Group Co., Ltd and its subsidiaries, Jiangsu Dazhong Environmental Governance Co., Ltd, Shanghai Dazhong Jiading Sewage Treatment Co., Ltd, Shanghai Dazhong Run Logistics Co., Ltd and its subsidiaries and 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 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 ON 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
4. Business scope: investment in municipal infrastructure projects such as various urban roads, highways, tunnels, bridges and airport runways, and relevant auxiliary facilities.
5. As of 31 December 2022: total assets of RMB214.6611 million, total current liabilities of RMB67,900, total liabilities of RMB67,900 and net assets of RMB214.5932 million; for the year 2022, operating revenue of nil and net profits of RMB51.4561 million.
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
4. Business scope: development of relevant industries for tunnels and operation of tunnels.
5. As of 31 December 2022: total assets of RMB602.9467 million, total noncurrent liabilities due within one year of RMB653,300, total current liabilities of RMB116.2456 million, total liabilities of RMB244.8848 million, net assets of RMB358.0619 million; for 2022, operating revenue of RMB19.5825 million and net profits of RMB5.0309 million.
6. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

(iii) Shanghai Dazhong Environmental Industry Co., Ltd

1. Company Name: Shanghai Dazhong Environmental Industry Co., Ltd
2. Registered address: Room 2122, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Jin Bo
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 2022: total assets of RMB416.1817 million, total current liabilities of RMB265,400, total liabilities of RMB708,800, net assets of RMB415.4729 million; for 2022, operating revenue of nil and net profits of RMB81.7433 million.
6. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

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

1. Company Name: Shanghai Dazhong Jiading Sewage Treatment Co., Ltd
2. Registered address: #1720 Jialuo Road, Jiading District, Shanghai
3. Legal representative: Jin Bo
4. Business scope: Collection and treatment of domestic sewage and industrial wastewater, etc.
5. As of 31 December 2022: total assets of RMB665.6351 million, total noncurrent liabilities due within one year of RMB74.6115 million, total current liabilities of RMB153.6855 million, total long-term borrowings of RMB64.1752 million, total liabilities of RMB338.7055 million, net assets of RMB326.9296 million; for 2022, operating revenue of RMB196.6450 million and net profits of RMB66.7858 million.
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
3. Legal representative: Lu Qiyu
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 2022: total assets of RMB398.8728 million, total short-term borrowings of RMB24.0315 million, total current liabilities of RMB75.4677 million, total liabilities of RMB143.6751 million, net assets of RMB255.1977 million; for 2022, operating revenue of RMB108.1442 million and net profits of RMB28.0230 million.
6. Associated relationship or other relationships with the listed company: controlled subsidiary

(vi) Xuzhou Fountainhead Sewage Treatment Co., Ltd

1. Company Name: Xuzhou Fountainhead Sewage Treatment 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: Lu Qiyu
4. Business scope: Collection, treatment and deep purification of sewage, operation services for sewage treatment and recycling of sewage.
5. As of 31 December 2022: total assets of RMB29.6180 million, total current liabilities of RMB15.0780 million, total liabilities of RMB18.9102 million, net assets of RMB10.7078 million; for 2022, operating revenue of RMB9.1276 million and net profits of RMB2.8191 million.
6. Associated relationship or other relationships with the listed company: a 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: Lu Qiyu
4. Business scope: Collection, treatment and deep purification of sewage.
5. As of 31 December 2022: total assets of RMB75.2433 million, total current liabilities of RMB32.9093 million, total liabilities of RMB43.4804 million, net assets of RMB31.7629 million; for 2022, operating revenue of RMB20.4538 million and net profits of RMB5.7556 million.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

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

1. Company Name: Lianyungang West Lake Sewage Treatment Co., Ltd
2. Registered address: Southwest side of West Area, Donghai County Economic Development Zone
3. Legal representative: Lu Qiyu
4. Business scope: Sewage treatment and recycling
5. As of 31 December 2022: total assets of RMB25.3027 million, total current liabilities of RMB1.0158 million, total liabilities of RMB6.4945 million, net assets of RMB18.8082 million; for 2022, operating revenue of RMB10.3302 million and net profits of RMB2.4789 million.
6. Associated relationship or other relationships with the listed company: a 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: Lu Qiyu
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 2022: total assets of RMB82.7852 million, total current liabilities of RMB5.2518 million, total liabilities of RMB14.1443 million, net assets of RMB68.6409 million; for 2022, operating revenue of RMB22.7820 million and net profits of RMB4.1858 million.
6. Associated relationship or other relationships with the listed company: a 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, the PRC
3. Legal representative: Lu Qiyu
4. Business scope: Collection, treatment and deep purification of sewage; operation services for sewage treatment and recycling of sewage.
5. As of 31 December 2022: total assets of RMB53.0280 million, total current liabilities of RMB21.4437 million, total liabilities of RMB24.3213 million, net assets of RMB28.7067 million; for 2022, operating revenue of RMB12.3180 million and net profits of RMB5.4805 million.
6. Associated relationship or other relationships with the listed company: a 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: Lu Qiyu
4. Business scope: sewage treatment and operation.
5. As of 31 December 2022: total assets of RMB46.4506 million, total current liabilities of RMB3.8796 million, total liabilities of RMB11.1635 million, net assets of RMB35.2871 million; for 2022, operating revenue of RMB16.6660 million and net profits of RMB6.7478 million.
6. Associated relationship or other relationships with the listed company: a 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: Liang Jiawei
4. Business scope: Gas, natural gas, gas meters, gas equipment appliances, gas kitchen equipment, 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 2022: total assets of RMB5,508.0517 million, total short-term borrowings of RMB700.4370 million, total current liabilities of RMB3,087.1834 million, total liabilities of RMB3,768.9650 million, net assets of RMB1,739.0867 million; for 2022, operating revenue of RMB3,807.4597 million and net profits of RMB54.8692 million.
6. Associated relationship or other relationships with the listed company: controlled subsidiary

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

1. Company Name: Shanghai Dazhong Gas Investment Development Co., Ltd
2. Registered address: Room 1226, 2575 Hunan Road, Kangqiao Town, Pudong New Area (Kangqiao), Shanghai, the PRC
3. Legal representative: Liang Jiawei
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 2022: total assets of RMB209.0224 million, total current liabilities of RMB199,800, total liabilities of RMB199,800, net assets of RMB208.8226 million; for 2022, operating revenue of nil and net profits of RMB21.2054 million.

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: Wang Baoping
4. Business scope: Production, distribution and supply of pipeline gas, supply of CNG, supply of liquefied petroleum gas, etc..
5. As of 31 December 2022: total assets of RMB1,544.1828 million, total current liabilities of RMB329.4978 million, total liabilities of RMB1,032.9088 million, net assets of RMB511.2740 million; for 2022, operating revenue of RMB1,498.8940 million and net profits of RMB58.3616 million.
6. Associated relationship or other relationships with the listed company:
a 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
4. Business scope: Equity investment, equity investment management, investment consultation, industrial investment, and asset management.
5. As of 31 December 2022: total assets of RMB496.4523 million, total liabilities of RMB17.6639 million, net assets of RMB478.7884 million; for 2022, operating revenue of nil and net profits of RMB424,900.
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
4. Business scope: Asset management, investment management, equity investment management, investment consultation, etc.
5. As of 31 December 2022: total assets of RMB72.7583 million, total liabilities of nil, net assets of RMB72.7583 million; for 2022, operating revenue of nil and net profits of RMB945,900.
6. Associated relationship or other relationships with the listed company: wholly-owned subsidiary
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
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 2022: total assets of RMB2,047.9653 million, total noncurrent liabilities due within one year of RMB779.0372 million, total current liabilities of RMB949.8307 million, total long-term borrowings of RMB376.8986 million, total liabilities of RMB1,465.9333 million, net assets of RMB582.0320 million; for 2022, operating revenue of RMB82.8059 million and net profits of RMB55.5248 million.
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 Weibao
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 companies and institutions through the employee service card system, etc.
5. As of 31 December 2022: total assets of RMB142.1990 million, total current liabilities of RMB41.1388 million, total liabilities of RMB41.1388 million, net assets of RMB101.0602 million; for 2022, operating revenue of RMB2.2856 million and net profits of RMB691,000.
6. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

(xix) 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, KL
3. Business scope: Industrial investment and M&As, natural gas design and construction and metering, car rental and passenger and cargo transportation services.
4. As of 31 December 2022: total assets of RMB2,102.9662 million, total short-term borrowings of RMB41.3708 million, total current liabilities of RMB843.7405 million, total liabilities of RMB844.3652 million, net assets of RMB1,258.6010 million; for 2022, operating revenue of nil and net profits of RMB(125.7477) million.
5. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

(xx) 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: Lu Qiyu
4. Business scope: Sewage treatment and recycling and operation services.
5. As of 31 December 2022: total assets of RMB43.5803 million, total current liabilities of RMB16.4318 million, total long-term borrowings of RMB5.9900 million, total liabilities of RMB26.3387 million, net assets of RMB17.2416 million; for 2022, operating revenue of RMB8.4708 million and net profits of RMB2.2665 million.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

(xxi) Shanghai Dazhong Run Logistics Co., Ltd

1. Company Name: Shanghai Dazhong Run Logistics Co., Ltd
2. Registered address: No. 451, Wenshui Road, Jing'an District, Shanghai, the PRC
3. Legal representative: Zhang Rongzheng
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 2022: total assets of RMB107.6017 million, total current liabilities of RMB45.1495 million, total liabilities of RMB45.6372 million, net assets of RMB61.9645 million; for 2022, operating revenue of RMB107.6325 million and net profits of RMB6.5039 million.
6. Associated relationship or other relationships with the listed company: controlled subsidiary

(xxii) 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
4. Business scope: Technology development, technology consulting, technology transfer and technical services in energy technology area
5. As of 31 December 2022: total assets of RMB1,212.4682 million, total current liabilities of nil, total liabilities of RMB374,000, net assets of RMB1,212.0942 million; for 2022, operating revenue of nil and net profits of RMB(139.3243) million.
6. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

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

1. Company Name: Shanghai Dazhong Run Supply Chain Management Co., Ltd
2. Registered address: No. 56 Suid Road, Putuo District, Shanghai, the PRC
3. Legal representative: He Zhou
4. Business scope: Loading and unloading services, supply chain management, road cargo transportation, domestic freight forwarding agent, etc.
5. As of 31 December 2022: total assets of RMB27.8566 million, total current liabilities of RMB3.5734 million, total liabilities of RMB4.3734 million, net assets of RMB23.4832 million; for 2022, operating revenue of RMB34.1797 million and net profits of RMB2.7434 million.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

(xxiv) Platinum Capital Investment Corporation Limited

1. Company Name: Platinum Capital Investment Corporation Limited
2. As of 31 December 2022: total assets of 200 USD, total current liabilities of 18,100 USD, total liabilities of 18,100 USD, net assets of (17,900) USD; for 2022, operating revenue of nil and net profits of (1,700) USD.
3. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxv) CENTURY CHARM LIMITED

1. Company Name: CENTURY CHARM LIMITED
2. As of 31 December 2022: total assets of 100 USD, total current liabilities of 25,700 USD, total liabilities of 25,700 USD, net assets of (25,600) USD; for 2022, operating revenue of nil and net profits of (5,700) USD.
3. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxvi) ULTRA PARTNER LIMITED

1. Company Name: ULTRA PARTNER LIMITED
2. As of 31 December 2022: total assets of 100 USD, total current liabilities of 25,700 USD, total liabilities of 25,700 USD, net assets of (25,600) USD; for 2022, operating revenue of nil and net profits of (5,700) USD.
3. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxvii) 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, KL
3. Business scope: CORP

4. As of 31 December 2022: total assets of 48.5198 million USD, total current liabilities of 4.5067 million USD, total liabilities of 4.5067 million USD, net assets of 44.0131 million USD; for 2022, operating revenue of nil and net profits of 328,200 USD.
5. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxviii) 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, KL
3. Business scope: CORP
4. As of 31 December 2022: total assets of 2.7365 million USD, total current liabilities of 12,800 USD, total liabilities of 12,800 USD, net assets of 2.7237 million USD; for 2022, operating revenue of nil and net profits of 7,000 USD.
5. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxix) 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, KL
3. Business scope: CORP
4. As of 31 December 2022: total assets of 4.9875 million USD, total current liabilities of nil, total liabilities of nil, net assets of 4.9875 million USD; for 2022, operating revenue of nil and net profits of (1,800) USD.
5. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxx) 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, KL
3. Business scope: CORP
4. As of 31 December 2022: total assets of RMB411.3959 million, total current liabilities of RMB89,400, total liabilities of RMB89,400, net assets of RMB411.3065 million; for 2022, operating revenue of nil and net profits of RMB(36,000).
5. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

(xxxi) 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 Ziguao
4. Business scope: Management consultation
5. As of 31 December 2022: total assets of 4.9481 million USD, total current liabilities of 49,500 USD, total liabilities of 49,500 USD, net assets of 4.8986 million USD; for 2022, operating revenue of nil and net profits of 82,100 USD.
6. Associated relationship or other relationships with the listed company: a subsidiary of a wholly-owned subsidiary

(xxxii) 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: Lu Qiyu

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, pipeline engineering design, construction, 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. (Business items subject to approval according to law may not be conducted unless and until approved by relevant departments)
5. As of 31 December 2022: total assets of nil, total current liabilities of nil, total liabilities of nil, net assets of nil; for 2022, operating revenue of nil and net profits of nil.
6. Associated relationship or other relationships with the listed company: wholly-owned subsidiary

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

1. Company Name: Shanghai Dazhong Gas Pipeline Engineering Co., Ltd
2. Registered address: Room 3008, 3F, Building 1, No. 999 Jinzha Road, Fengxian District, Shanghai, the PRC
3. Legal representative: Yan Dafeng
4. Business scope: Professional construction of pipeline construction projects 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. (Business items subject to approval according to law may not be conducted until and unless approved by relevant departments).

5. As of 31 December 2022: total assets of RMB70.8734 million, total current liabilities of RMB58.6173 million, total liabilities of RMB58.6173 million, net assets of RMB12.2561 million; for 2022, operating revenue of RMB91.1219 million and net profits of RMB915,800.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

(xxxiv) Shanghai Zhongju Equipment Leasing Co., Ltd

1. Company Name: Shanghai Zhongju Equipment Leasing Co., Ltd
2. Registered address: Room 333, 3F, Part 4, Building 1, No. 2001 Yanggao North Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Liang Jiawei
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. (Business items subject to approval according to law may not be conducted unless and until approved by relevant departments)
5. As of 31 December 2022: total assets of RMB14.2451 million, total current liabilities of RMB10.5342 million, total liabilities of RMB12.5264 million, net assets of RMB1.7187 million; for 2022, operating revenue of RMB1.2688 million and net profits of RMB804,500.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

(xxxv) Lianyungang Dazhong Environmental Governance Co., Ltd

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: Lu Qiyu

4. Business scope: General items: sewage treatment and recycling (save for items which are subject to approval according to law, operating activities can be carried out at its sole discretion based on the business license according to law).
5. As of 31 December 2022: total assets of RMB74.6984 million, total current liabilities of RMB28.0720 million, total liabilities of RMB46.9555 million, net assets of RMB27.7429 million; for 2022, operating revenue of RMB10.1677 million and net profits of RMB821,900.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

(xxxvi) Shanghai Dazhong Commercial Factoring Co., Ltd

1. Company Name: Shanghai Dazhong Commercial Factoring Co., Ltd
2. Registered address: Room 110, Building 1, No. 451, Wenshi Road, Jing'an District, Shanghai
3. Legal representative: Li Weitao
4. Business scope: Permitted items: factoring financing, (classified) account management of sales sub-accounts, collection of accounts receivables, non-commercial bad debt guarantees, customer credit investigations and evaluations, and consultation services related to commercial factoring, etc. (For business items subject to approval according to law, business activities may be conducted only after approval from relevant departments. The specific business items shall be subject to approval documents or licenses from relevant departments)
5. As of 31 December 2022: total assets of RMB58.8808 million, total current liabilities of RMB4.3941 million, total liabilities of RMB6.1996 million, net assets of RMB52.6812 million; for 2022, operating revenue of RMB2.3284 million and net profits of RMB2.6898 million.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

(xxxvii) Shanghai Zhongzhu Information Technology Co., Ltd

1. Company Name: Shanghai Zhongzhu Information Technology Co., Ltd
2. Registered address: No. 2050 Honghai Highway, Miao Town, Chongming District, Shanghai (Shanghai Miao Town Economic Development Zone)
3. Legal representative: Li Weitao
4. Business scope: General items: technology development, technology transfer, technology consultation and technical service in professional areas of information, computer and Internet technology; software development; project planning and public relations services; business management; marketing planning; cultural and artistic exchange planning; corporate image planning; market research; conference and exhibition services; financial consulting; translation services; health consulting services; ticketing agency services; parking services; car rental; sales of cosmetics, general merchandise, bags, leather products, electronic products, general labor protection supplies, construction materials, office equipment, toys, arts and crafts and collectibles; advertising design, agency and production.
5. As of 31 December 2022: total assets of RMB37.0823 million, total current liabilities of RMB30.8440 million, total liabilities of RMB31.4549 million, net assets of RMB5.6274 million; for 2022, operating revenue of RMB4.6822 million and net profits of RMB2.2296 million.
6. Associated relationship or other relationships with the listed company: a subsidiary of a controlled subsidiary

The aforesaid guaranteed parties are not shareholders, actual controllers of shareholders or controlled subsidiaries or affiliates of the Company, and are not individuals.

III. MAIN CONTENTS OF GUARANTEE AGREEMENT

The Company provides credit guarantees, the term and amount of which are determined according to business requirements of the guaranteed party.

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

In 2022, the aggregate amount of guarantees provided by the Company for its controlled subsidiaries and subsidiaries of its controlled subsidiaries (including subsidiaries with a gearing ratio of more than 70%) amounted to RMB2,160,213,374.44 (foreign currency translation inclusive).

As of 31 December 2022, the balance of guarantees provided by the Company for its controlled subsidiaries and subsidiaries of its controlled subsidiaries (including subsidiaries with a gearing ratio of more than 70%) amounted to RMB1,491,685,995.47 (foreign currency translation inclusive), which accounted for 18.23% of net assets of the Company. The Company has not provided any guarantee for its controlling shareholders or their related parties, and there is no overdue guarantee.

It is proposed to the 2022 AGM to authorize the management to perform specific operations regarding the comprehensive credit facilities and external guarantees within the aforesaid scope after deliberating and passing them. The authorization period shall begin from the date on which the resolution is approved at the 2022 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 2022 are as follows:

I. OVERVIEW OF CASH MANAGEMENT

(i) Purpose of cash management

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 matters, provided that liquidity requirements for the ordinary course of operation of the Company and its subsidiaries are securely met.

(ii) Source of funds

Self-owned idle funds of the Company and its subsidiaries.

(iii) Amount of cash under management

A maximum balance of RMB1.5 billion (foreign currency translation inclusive) per day. Such limit can be used on a cyclical and revolving basis.

(iv) Term of cash management

From the date on which the resolution is passed at the 2021 AGM of the Company to the date on which the 2022 AGM of the Company is held.

(v) Internal control of the Company over the risks associated with cash management

The Company has established sound procedures for approval and execution 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 this time 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 financing funds, and will take appropriate measures promptly if any risk factors that may affect the security of funds of the Company are found. Meanwhile, in accordance with the relevant rules of China Securities Regulatory Commission and Shanghai Stock Exchange, the Company will disclose the status of wealth management products during the reporting period in regular reports.

II. DETAILS OF THIS CASH MANAGEMENT

In order to enhance the efficiency of use of self-owned funds of the Company and reasonably utilize self-owned idle funds, subject to ensuring the ordinary production and operation and the security of funds with risks kept under control, the Company will use self-owned idle funds of no more than RMB1.5 billion for cash management to purchase cash management products for a term of no more than 12 months. Within such limit and term, the funds can be used on a cyclical and revolving basis. The investment period of individual wealth management product will be within one year, with specific terms subject to the related agreements on actual purchase of wealth management products.

III. INFORMATION ON TRUSTEES OF CASH MANAGEMENT

The counterparties of the Company's cash management are all duly licensed financial institutions such as commercial banks and securities firms, which have high credit ratings and strong performance capabilities. There is no associated relationship between the Company and the trustees in terms of property rights, business, assets, bonds and debts, staff, etc.

IV. IMPACT ON DAILY OPERATIONS OF THE COMPANY

The Company's use of self-owned idle funds to purchase wealth management products is conducted while ensuring ordinary operation of the Company is not adversely affected. Through the timely and moderate cash management of its self-owned idle funds, the Company can obtain certain investment income, which is conducive to realizing the preservation and appreciation of the Company's cash assets and fully protecting the interests of the Company and its shareholders.

V. RISK DISCLAIMER

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

VI. USE OF OWN FUNDS BY THE COMPANY FOR CASH MANAGEMENT IN THE
MOST RECENT 12 MONTHS AS OF THE DATE OF THIS CIRCULAR

Unit: Ten thousand Yuan

No.	Type of financing product	Amount actually invested	Principal actually recovered	Actual yield	Principal amount not yet recovered
1	Bank financing	<u>117,680.00</u>	<u>107,680.00</u>	<u>1,033.75</u>	<u>10,000.00</u>
Total		<u>117,680.00</u>	<u>107,680.00</u>	<u>1,033.75</u>	<u>10,000.00</u>
Maximum investment amount per day during latest twelve months					91,550.00
Maximum investment amount per day during latest twelve months/net assets for the past year (%)					11.19%
Cumulative returns on entrusted wealth management during latest twelve months/net profits for the past year (%)					N/A
Wealth management limit already utilized so far					10,000.00
Outstanding wealth management limit					140,000.00
Total wealth management limit					150,000.00

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 2023 are as follows:

As the domestic audit firm and internal control audit firm appointed by Shanghai Dazhong Public Utilities (Group) Co., Ltd (the “Company”, “this Company”) for the year 2022, BDO China Shu Lun Pan Certified Public Accountants LLP (“BDO”), in the course of audit for 2022, complied with the Chinese Auditing Standards for Certified Public Accountants and relevant rules of internal control audit, acted diligently and conscientiously during the audit of the Company, followed the professional standards of independence, objectivity and impartiality, and successfully completed audits of the 2022 financial report of the Company, etc. In 2022, 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 is licensed to deal with business related to securities and futures and has multi-year experience and professional service capabilities to provide high-quality audit services to listed companies, capable to meet the requirements of the Company for establishment and perfection of internal control and financial audit. Based on the rich audit experience and professional competence of BDO, and to maintain the continuity of audit work, on the recommendation of the Audit Committee of the Board, the Company proposes to re-appoint BDO as the domestic audit firm and internal control audit firm for the Company for the year 2023 to conduct audit on the annual financial statements of the Company for the year 2023 and issue audit reports, and to conduct audit on the effectiveness of internal control of the Company and issue internal control audit reports. The term of the appointment will be one year and audit fees paid in accordance with the applicable standards.

The details of the resolution on the appointment of the overseas audit firm for the Company for the year 2023 are as follows:

The H-shares of the Company were officially listed on HKSE for trading on 5 December 2016. The Company engaged BDO Limited as the overseas audit firm for the year 2022, which, in the course of audit on the Company, strictly adhered to the independent, objective and fair principles, diligently and dutifully performed the duties of audit firms, issued various professional reports for the company, which are objective and fair, performed duties and obligations agreed upon by both parties and ensured the quality of audit work of the company and successful conduct of all activities of the Company. In 2022, the fee for audit services paid by the Company to BDO Limited amounted to HK\$1.3 million.

In light of the audit work performance, service consciousness, professional ethics and ability to perform duties of BDO Limited in the past years, as recommended by the Audit Committee of the Board of the Company, the Company proposes to re-appoint BDO Limited as the overseas audit firm for the Company for the year 2023. The term of appointment will be one year and audit fees paid in accordance with the applicable standards.

To meet the operational and development needs of the Company and optimize the debt structure of the Company, the Company plans to apply for one or more tranches or phases of corporate bonds and overseas bonds of no more than RMB5.0 billion including foreign currency translation (inclusive of RMB5.0 billion).

I. NOTE ON THE COMPANY MEETING THE CONDITIONS FOR ISSUANCE OF CORPORATE BONDS AND OVERSEAS BONDS

According to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for Issuance and Trading of Corporate Bonds ("Administrative Measures"), the Interim Provisions on Issuance of Exchangeable Corporate Bonds by Shareholders of Listed Companies and the Administrative Measures for Examination and Registration of Medium and Long-term Overseas Bonds of Enterprises, through cross reference and self examination, Shanghai Dazhong Public Utilities (Group) Co., Ltd ("Company") is free of any circumstance in which the company is not allowed to issue corporate bonds and overseas bonds and has the qualification and condition for issuance thereof.

II. OVERVIEW OF ISSUANCE OF CORPORATE BONDS AND OVERSEAS BONDS

(i) Categories of Corporate Bonds and Overseas Bonds to be Issued

With respect to specific categories to be issued, the Board of Directors will propose to the general meeting to authorize the Board of Directors or persons authorized by the Board of Directors ("Authorized Persons") to jointly or severally determine the varieties and specific settlement status of corporate bonds and overseas bonds in light of the actual circumstances of the Company and the market at the time of issuance, according to the national laws and regulations, relevant provisions of securities regulators and general meeting resolutions. The corporate bonds and overseas bonds proposed to be issued as referred to herein are all exclusive of debt-to-equity swap clause.

(ii) Manner and size of issuance

The corporate bonds and overseas bonds of the Company (calculated at the outstanding balance after issuance, and converted at the central parity rate of foreign exchange published by the People's Bank of China on the date of this issuance if issued in foreign currency) will not exceed RMB5.0 billion including foreign currency translation (inclusive of RMB5.0 billion) in total and will meet the relevant requirements of applicable laws and regulations for the specific cap of issuance of corporate bonds and overseas bonds. The Board of Directors of the Company will request authorized persons to jointly or severally to determine at their sole discretion the size and manner of each issuance within the aforesaid limit according to relevant laws and regulations and opinions and suggestions of regulators, the funding requirements of the company and the market circumstances at the time of issuance in the best interest of the Company, and to supervise the issuance and repayment of corporate bonds and overseas bonds.

(iii) Nominal amount and issue price

Authorized persons will jointly and severally determine the issue prices of corporate bonds and overseas bonds according to the market condition at the time of each issuance and relevant laws and regulations.

(iv) Objects of issuance and arrangements for allotment to shareholders of the Company

Objects of issuance of corporate bonds will be domestic investors eligible for subscription. Objects of issuance of overseas bonds of the Company will be domestic and overseas investors eligible for subscription. Specific objects of issuance will be determined by authorized persons jointly or severally according to relevant legal provisions, market condition and specific matters of issuance. Corporate bonds and overseas bonds may be allotted to shareholders of the Company, subject to allotment arrangements (including whether to be allotted or not and allotment ratio, etc) to be determined by authorized persons jointly or severally according to law and in light of market condition and specific matters of issuance.

(v) Terms and varieties of bonds

Corporate bonds and overseas bonds with fixed terms will have terms of no more than 10 years (inclusive of 10 years) in all cases and may be either single-term varieties or hybrid varieties of various terms; corporate bonds and overseas bonds without fixed terms are not subject to the aforesaid restrictions on term. The composition of specific terms and sizes of varieties of various terms will be determined by authorized persons according to relevant provisions and market condition at the time of issuance.

(vi) Nominal rate

Authorized persons will determine interest rates on corporate bonds and overseas bonds to be issued according to the market condition at the time of issuance of corporate bonds and overseas bonds and relevant provisions, as well as manners of calculation and payment thereof.

(vii) Guarantee measures

Authorized persons will jointly or severally determine guarantee and other credit enhancement arrangements according to law based on characteristics of corporate bonds and overseas bonds and needs for issuance.

(viii) Purpose of funds raised

Funds to be raised from corporate bonds and overseas bonds will be used to meet the operational needs of the Company, adjust the Company's debt structure, repay the Company's debts, supplement the Company's working capital and/or for project construction. Specific purposes will be determined by authorized persons jointly or severally according to the funding requirements of the Company.

(ix) Debt service safeguards

With respect to issuance of corporate bonds and overseas bonds of the Company, authorized persons will jointly or severally at least take the following measures when any circumstance occurs in which they expect that the principal and interest of corporate bonds and overseas bonds cannot be repaid as scheduled or in case of failure to repay the principal and interest of corporate bonds and overseas bonds when due:

1. Not to distribute any profits to shareholders;
2. Suspend implementation of capital expenditure projects such as major external investments and M&As;
3. Make downward adjustment to or cease to pay wages and bonuses to directors or senior executives of the Company;
4. Main persons responsible may not be transferred.

(x) Listing arrangements for bonds

Authorized persons will jointly or severally determine matters related to application for listing of corporate bonds and overseas bonds according to the actual circumstances of the Company and market condition, etc.

(xi) Valid period of resolution

The valid period of general meeting resolution on issuance of corporate bonds and overseas bonds of the Company will be 36 months as from the date when the resolution is deliberated and passed by the general meeting. If the Board of Directors and/or its authorized persons have decided issuance or partial issuance of relevant corporate bonds and overseas bonds within the valid period of authorization, and the Company obtained approval, clearance, filing or registration of issuance from regulatory authorities within the valid period of authorization (if applicable), the Company may complete the issuance or partial issuance of relevant corporate bonds and overseas bonds within the valid period confirmed by such approval, clearance, filing or registration.

III. MATTERS OF AUTHORIZATION

In order to effectively coordinate specific matters in the course of issuance of corporate bonds and overseas bonds, the Board of Directors will propose to the general meeting to authorize the management to deal with matters related to corporate bonds and overseas bonds at their sole discretion within the framework and principle of the general meeting resolution, including but not limited to the following:

1. Formulate and adjust the specific issuance scheme for issuance of corporate bonds and overseas bonds by the Company pursuant to applicable national laws and regulations, relevant provisions of regulators and general meeting resolutions of the Company and in light of the circumstances of the Company and relevant debt markets, including but not limited to suitable issuers, timing of issuance, specific amounts and manner of issuance, terms of issuance, objects and term of issuance, arrangements for whether to be issued once, multiple times or in tranches and multi-variety issuance, size and term of issuance of each round, tranche and variety, manner of determining nominal value and interest rate, currency (including offshore RMB), pricing mode, issuance arrangements, credit enhancement arrangements such as L/G and letter of support, rating arrangements, specific measures for application, whether to set put provision and call provision, specific allotment arrangements, purpose of raised funds, registration and recording, listing and place of listing of corporate bonds and overseas bonds, measures to reduce repayment risks and debt service safeguards (if applicable), among any other matters related to issuance of corporate bonds and overseas bonds;
2. Decide engagement of intermediaries, sign, execute, modify and complete any and all agreements and documents related to issuance of corporate bonds and overseas bonds (including but not limited to sponsoring agreement, underwriting agreement, guarantee agreement, credit enhancement agreements such as letter of support, bond deed, agreement to engage intermediaries, trusteeship agreement, liquidation management agreement, registered escrow agreement, listing agreement and other legal documents) and conduct relevant information disclosure according to relevant laws and regulations and the listing rules of the exchange in the place of listing of securities of the Company (including but not limited to preliminary and final corporate bonds and overseas bonds offering memorandum, and any and all announcements and circulars related to issuance of corporate bonds and overseas bonds);
3. Choose and engage trustees and liquidation managers for issuance of corporate bonds and overseas bonds, sign entrusted management agreement and liquidation management agreement and formulate holder meeting rules (if applicable);

4. Handle any and all reporting and listing matters in connection with issuance of corporate bonds and overseas bonds (if applicable), including but not limited to producing, modifying and submitting filing materials for issuance of corporate bonds and overseas bonds, listing and credit enhancement agreements whereby the Company, the issuers and/or third parties provide guarantees and letter of support according to requirements of relevant regulatory authorities, and sign relevant filing documents and other legal documents;
5. Except with respect to matters subject to re-voting by general meeting according to relevant laws and regulations and the Articles of Association of the Company, make corresponding adjustments to matters related to issuance of corporate bonds and overseas bonds pursuant to changes to opinions and policies of regulatory authorities or changed market conditions, or decide whether or not to continue all or part of issuance of corporate bonds and overseas bonds as appropriate in the circumstances;
6. Handle other related matters in connection with issuance of corporate bonds and overseas bonds;
7. Subject to approval of the aforesaid authorization by the general meeting, consent to the Board of Directors authorizing the authorized persons of the Company as authorized persons responsible for issuance of corporate bonds and overseas bonds to jointly or severally deal with any and all matters related to issuance of corporate bonds and overseas bonds on behalf of the Company according to general meeting resolutions and the Board authorization.

The aforesaid authorization will cease to be valid 36 months as from the date when it is deliberated and passed by the general meeting or the date when all of the aforesaid authorized matters are completed, whichever is earlier (depending upon whether the issuance of any and all corporate bonds and overseas bonds is completed at that time). However, if the Board of Directors and/or its authorized persons have decided issuance or partial issuance of relevant corporate bonds and overseas bonds within the valid period of authorization, and the Company obtained approval, clearance, filing or registration of issuance from regulatory authorities within the valid period of authorization (if applicable), the Company may complete the issuance or partial issuance of relevant corporate bonds and overseas bonds within the valid period confirmed by such approval, clearance, filing or registration, provided that the valid period of the aforesaid authorization will extend until the date when such issuance or partial issuance is completed with respect to the matter of relevant issuance or partial issuance.

IV. BRIEF FINANCIAL AND ACCOUNTING INFORMATION OF THE ISSUER

(i) Changes in scope of consolidated statements of the Company in the most recent three years

1. Subsidiaries included in the scope of consolidation as of 31 December 2022

Name of subsidiary	Principal place of business	Place of registration
Shanghai Dazhong Gas Co., Ltd	Shanghai	#309 Fushan Road, China (Shanghai) Pilot Free Trade Zone
Shanghai Shinan Gas Development Co., Ltd	Shanghai	Unit D-023, Suite 501, Building 5, #700 Liyuan Road, Huangpu District, Shanghai
Shanghai Gas Supplies Supply and Sale Co., Ltd	Shanghai	Room 1601-2, #98 Songhu Road, Yangpu District, Shanghai
Shanghai Dazhong Gas Investment Development Co., Ltd	Shanghai	Building C, #888 Huanhu West 2nd Road, Lingang New Area, China(Shanghai) Pilot Free Trade Zone
Nantong Dazhong Gas Co., Ltd	Jiangsu	59 Gongnong North Road, Nantong
Nantong Dazhong Gas Equipment Co., Ltd	Jiangsu	54, Tangjia Huahang, Nantong, Jiangsu
Nantong Dazhong Gas Installation Engineering Co., Ltd	Jiangsu	59 Gongnong North Road, Nantong
Rudong Dazhong Gas Co., Ltd	Jiangsu	508 Zhujiang Road, Juegang Town, Rudong County, Jiangsu
Nantong Development Zone Dazhong Gas Co., Ltd	Jiangsu	South of Shanghai Road and west of Wenzhou Road, Nantong Development Zone
Jiangsu Dazhong Water Group Co., Ltd	Jiangsu	Sanbahe, Qiaojiahu Village, Xuzhou
Peixian Fountainhead Water Operation Co., Ltd	Jiangsu	West of East Ring Road, Pei County, south of Yanhe Bridge, Xuzhou, Jiangsu
Xuzhou Dazhong Water Operation Co., Ltd	Jiangsu	Sanbahe Sewage Treatment Plan, Qiaojiahu Village, Xuzhou

Name of subsidiary	Principal place of business	Place of registration
Lianyungang West Lake Sewage Treatment Co., Ltd	Jiangsu	Southwest of west area of Donghai County Economic Development Zone
Shanghai Dazhong Municipal Development Co., Ltd	Shanghai	Building C, #888 Huanhu West 2nd Road, Lingang New Area, China(Shanghai) Pilot Free Trade Zone
Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd	Shanghai	Building C, #888 Huanhu West 2nd Road, Lingang New Area, China(Shanghai) Pilot Free Trade Zone
Shanghai Dazhong Jiading Sewage Treatment Co., Ltd	Shanghai	1720 Jiading Road, Jiading District, Shanghai
Shanghai Dazhong Environmental Industry Co., Ltd	Shanghai	Building C, #888 Huanhu West 2nd Road, Lingang New Area, China(Shanghai) Pilot Free Trade Zone
Hainan Dazhong Marine Industry Co., Ltd	Hainan	Shalao Port, Changpo Town, Qionghai City, Hainan
Dazhong (Hong Kong) International Corporation Limited	Hong Kong	FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, KL
Shanghai Weiming Biochemical Co., Ltd	Shanghai	1728 Jiangdong Road, Pudong New Area, Shanghai
Shanghai Dazhong Group Capital Equity Investment Co., Ltd	Shanghai	Room 24A01, #518 Shangcheng Road, Pudong New Area, Shanghai
Fretum Construction&Engineering Enterprise Limited	Hong Kong	FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, KL
Galaxy Building&Development Corporation Limited	Hong Kong	FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, KL
Ace Best Investing Management Corporation Limited	Hong Kong	FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, KL

Name of subsidiary	Principal place of business	Place of registration
Shanghai Dazhong Assets Management Co., Ltd	Shanghai	Room 2107, 21F, Building 1, #1515 Zhongshan West Road, Xuhui District, Shanghai
Shanghai Dazhong Financial Leasing Co., Ltd	Shanghai	Room 108, #26 Jiafeng Road, China (Shanghai) Pilot Free Trade Zone
Interstellar Capital Investment Co., Limited	Hong Kong	FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, KL
Hainan Chunmao Eco-Agricultural Development Co., Ltd	Hainan	Office building, Shalao Port Yard Area, Changpo Town, Qionghai City, Hainan
Shanghai Dazhong Transportation Commerce Co., Ltd	Shanghai	Room 1112, #1515 Zhongshan West Road, Xuhui District, Shanghai
Shanghai Zhonggong Information Service Co., Ltd	Shanghai	Room A1-5932, #58 Fumin Branch Road, Hengsha Town, Chongming County, Shanghai
Allpay (International)Finance Service Corporation Limited	Hong Kong	FLAT/RM 8204B, 82/F, International Commerce Centre, 1 Austin Road West, KL
Pizhou Fountainhead Water Operation Co., Ltd	Jiangsu	500 meters east of Zhendong Village, Yunhe Town, Pizhou, Jiangsu
Xuzhou Fountainhead Sewage Treatment Co., Ltd	Jiangsu	within Xuzhou Industry Park, Jiangsu (100 meters south of the intersection of National Highway 310 and National Highway 206)
Platinum Capital Investment Corporation Limited	Hong Kong	Walkers Corporation Limited, 190 Elgin Avenue, George Town, Grand Caymand, KY1-9001, Cayman Islands
Dazhong (Vietnam) International Company Limited	Vietnam	No. 23 Ninh Su Huynh Lien Street, Ward 10, Tan Binh District, Ho Chi Minh City, Vietnam.

Name of subsidiary	Principal place of business	Place of registration
Shanghai Ruyu Energy Investment Co., Ltd	Shanghai	Room G1016, Building 10, #1021 Sanshuang Road, Gangxi Town, Chongming District, Shanghai
Shanghai Dazhong Run Logistics Co., Ltd	Shanghai	Room 102, Building 1, #451 Wenshui Road, Jing'an District, Shanghai
Shanghai Dazhong Run Supply Chain Management Co., Ltd	Shanghai	Room 241, 2F, #4 Alley 889 Suide Road, Putuo District, Shanghai
Xuzhou Qingshanquan Dazhong Water Operation Co., Ltd	Jiangsu	Textile Industry Park, Qingshanquan Town, Jiawang District, Xuzhou
Xuzhou Jiawang Dazhong Water Operation Co., Ltd	Jiangsu	within Xuzhou Industry Park, Jiangsu (100 meters south of the intersection of National Highway 310 and National Highway 206)
Ultra Partner Limited	Hong Kong	Vistra (Cayman) Limited, Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, Grand Cayman, KY1-1205, Cayman Islands
Century Charm Limited	Hong Kong	Vistra (Cayman) Limited, Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, Grand Cayman, KY1-1205, Cayman Islands
Shanghai Dazhong Gas Pipeline Engineering Co., Ltd	Shanghai	Room 3008, Building 1, #999 Jinzha Road, Fengxian District, Shanghai
Jiangsu Dazhong Environmental Governance Co., Ltd	Jiangsu	Sanbahe Sewage Treatment Plant, Qiaojiahu Village, Yunlong District, Xuzhou
Shanghai Zhongju Equipment Leasing Co., Ltd	Shanghai	Room 301, south part, 3F, Building 1, #24 Jiafeng Road, China (Shanghai) Pilot Free Trade Zone

Name of subsidiary	Principal place of business	Place of registration
Lianyungang Dazhong Environmental Governance Co., Ltd	Jiangsu	9 Guangming Road, West Economic Development Zone, Donghai County, Lianyungang
Shanghai Zhongzhu Information Technology Co., Ltd	Shanghai	No. 2050 Honghai Highway, Miao Town, Chongming District, Shanghai (Shanghai Miao Town Economic Development Zone)
Shanghai Dazhong Commercial Factoring Co., Ltd	Shanghai	Room 110, Building 1, #451 Wenshui Road, Jing'an District, Shanghai

2. *Changes in scope of consolidated statements of the Company in the most recent three years*

(1) Changes in scope of consolidated statements of the Company in 2020

Additions of consolidated entities to the Company in 2020

Name	Ratio of share acquisition (%)	Manner of share acquisition
Lianyungang Dazhong Environmental Governance Co., Ltd	100.00	New establishment
Shanghai Zhongxing Information Technology Co., Ltd	100.00	New establishment

Reduction of consolidated entities from the Company in 2020

Name	Ratio of share disposal (%)	Manner of share disposal
Qionghai Chunsheng Tourism Development Co., Ltd	100.00	External share transfer

- (2) Changes in scope of consolidated statements of the Company in 2021

Additions of consolidated entities to the Company in 2021

Name	Ratio of share acquisition (%)	Manner of share acquisition
Shanghai Zhongzhu Information Technology Co., Ltd	100.00	New establishment
Shanghai Dazhong Commercial Factoring Co., Ltd	100.00	New establishment

Reduction of consolidated entities from the Company in 2021

Name	Ratio of share disposal (%)	Manner of share disposal
Shanghai Zhongxing Information Technology Co., Ltd	100.00	Liquidation and deregistration

- (3) Changes in scope of consolidated statements of the Company in 2022

There were no changes to the scope of consolidated statements of the Company in 2022.

(ii) **Balance Sheet, Income Statement and Cash Flow Statement of the Company
in the Most Recent Three Years**1. *Consolidated Balance Sheet*

Currency: RMB Unit: Ten thousand Yuan

Item	end of 2022	end of 2021	end of 2020
Current assets			
Monetary capital	300,076.21	204,260.76	214,696.90
Trading financial assets	20,592.05	49,091.68	62,683.53
Notes receivable	65.50	14.00	–
Accounts receivable	43,973.76	122,665.26	50,460.04
Prepayments	5,631.44	3,913.05	6,901.73
Other receivables	19,198.64	1,026.20	1,464.43
Wherein: interest receivable	0.00	–	–
dividends receivable	16,503.81	–	–
Inventories	33,307.04	38,737.16	34,810.21
Noncurrent assets due within one year	112,239.68	111,654.04	145,340.23
Other current assets	22,230.55	9,974.36	11,464.48
Total current assets	557,314.86	541,336.51	527,821.54
Noncurrent assets:			
Loans and advances made	–	–	–
Debt investments	32,290.87	24,191.42	9,362.88
Other debt investments	2.38	3.92	3.66
Available-for-sale financial assets	–	–	–
Long-term receivables	143,164.60	122,779.05	96,344.06
Long-term equity investments	723,545.18	734,499.56	708,263.14
Other equity instrument investments	7,098.83	8,356.49	6,783.77
Other noncurrent financial assets	316,685.95	395,906.56	375,862.69
Investment properties	24,264.82	24,886.83	21,276.69
Fixed assets	507,255.70	508,534.98	485,309.68
Construction in progress	16,830.76	16,432.74	22,902.16
Intangible assets	19,583.75	21,276.68	97,737.60
Right-of-use assets	2,026.04	2,592.93	3,437.50
Goodwill	1,273.69	1,273.69	1,404.86
Long-term unamortized expenses	46.54	46.63	155.16
Deferred tax assets	5,485.58	5,317.16	5,541.68
Other noncurrent assets	1,428.04	59.70	0.96
Total noncurrent assets	1,800,982.72	1,866,158.32	1,834,386.48
Total assets	2,358,297.58	2,407,494.83	2,362,208.03

Item	end of 2022	end of 2021	end of 2020
Current liabilities:			
Short-term borrowings	293,283.17	339,382.24	318,086.25
Notes payable	6,939.90	1,945.30	1,081.30
Accounts payable	166,315.93	158,803.37	156,874.67
Advance receipts	3,270.07	3,426.11	2,137.65
Payroll payable	11,632.14	11,134.60	10,951.19
Taxes payable	4,226.13	10,390.08	5,335.88
Other payables	44,132.82	43,355.91	43,226.32
Wherein: interest payable	–	–	–
dividends payable	91.13	91.13	91.13
Contract liabilities	77,119.32	92,002.03	93,559.57
Noncurrent liabilities due			
within one year	324,052.40	158,199.35	91,595.67
Other current liabilities	6,601.29	6,730.66	167,297.64
Total current liabilities	937,573.16	825,369.64	890,146.14
Noncurrent liabilities			
Long-term borrowings	46,330.02	45,469.53	37,309.50
Bonds payable	235,699.49	327,379.11	252,142.72
Lease liabilities	993.61	1,434.33	2,499.76
Long-term payables	11,568.21	14,332.74	16,365.26
Long-term payable payroll	–	3,820.80	3,657.90
Estimated liabilities	7,763.05	6,418.46	6,925.38
Deferred income	128,264.24	136,428.65	137,618.51
Deferred tax liabilities	19,676.99	30,983.05	27,936.32
Other noncurrent liabilities	12,772.13	14,238.75	–
Total noncurrent liabilities	463,067.74	580,505.42	484,455.35
Total liabilities	1,400,640.90	1,405,875.06	1,374,601.49

Item	end of 2022	end of 2021	end of 2020
Ownership interest			
Share capital	295,243.47	295,243.47	295,243.47
Capital reserve	127,736.43	128,691.51	128,813.11
Other comprehensive income	4,679.57	3,766.06	68,989.43
Special reserve	433.05	268.89	134.28
Surplus reserve	69,485.77	67,777.78	60,571.83
Generic risk reserve	19.23	18.54	17.89
Undistributed profits	326,076.89	375,806.86	310,574.00
Total equities attributable to owners of the parent company	823,674.40	871,573.11	864,344.01
Minority interest	133,982.28	130,046.66	123,262.53
Total ownership interest	957,656.68	1,001,619.76	987,606.54
Total liabilities and ownership interest	2,358,297.58	2,407,494.83	2,362,208.03

2. Consolidated Income Statement

Currency: RMB Unit: Ten thousand Yuan

Item	2022	2021	2020
I. Total operating revenue	585,356.18	553,706.77	491,063.99
Wherein: operating revenue	576,849.43	541,759.40	478,323.68
interest revenue	8,506.75	11,947.37	12,740.32
earned premium	–	–	–
revenue from handling fee and commission	–	–	–
II. Total operating costs	581,988.72	563,522.40	508,356.00
Wherein: operating cost	501,476.69	460,112.01	401,598.82
Taxes and surcharges	2,533.91	2,676.48	1,715.49
Selling costs	19,949.90	21,248.55	21,731.31
General and administrative expenses	39,103.39	44,696.24	42,418.97
R&D costs	41.98	28.30	79.72
Financial expenses	18,882.84	34,760.82	40,811.69
Asset impairment loss	–771.72	–187.46	–142.94
Credit impairment loss	–8,951.45	–3,582.92	–2,462.11
Plus: other income	3,672.78	3,496.19	2,276.90
Income from change in fair value (loss to be denoted by “-”)	–78,342.63	–7,656.68	41,441.40
Investment income (loss to be denoted by “-”)	48,499.74	66,339.47	54,893.31
Wherein: income on investments in affiliates and joint ventures	7,558.67	47,228.26	35,168.51
Income from asset disposal	2,472.03	117.95	48.52
Income on foreign exchange (loss to be denoted by “-”)	–	–	–

Item	2022	2021	2020
III. Operating profits	-30,053.79	48,710.92	78,763.06
Plus: Non-business revenue	480.91	882.01	407.47
Wherein: gains on disposal of noncurrent assets	-	-	-
Minus: non-business expenditure	375.73	200.91	1,325.87
Wherein: loss on disposal of noncurrent assets	-	52.78	10.69
IV. Total profits (total losses to be denoted by "-")	-29,948.61	49,392.02	77,844.66
Minus: income tax expense	-4,541.73	10,174.49	18,410.43
V. Net profits (net losses to be denoted by "-")	-25,406.88	39,217.53	59,434.23
Net profits attributable to owners of the parent company	-33,259.11	30,335.62	51,523.14
Minority interest income	7,852.23	8,881.91	7,911.09
VI. Other comprehensive income, net of tax	695.28	3,128.27	24,515.50
After-tax net amount of other comprehensive income attributable to the owners of the parent company	913.50	3,350.14	24,787.02
(I) Other comprehensive income that can not be subsequently reclassified to profit and loss	-2,704.70	6,401.23	-8,769.43
1. changes resulting from re-measurement of net assets or net liabilities of the defined benefit plan	-19.05	-105.95	-2.15
2. Share in other comprehensive income of the investee that cannot be reclassified to profit and loss under the equity method	-1,824.66	4,805.98	-6,008.66
3. Changes in fair value of other equity instrument investments	-861.00	1,701.21	-2,758.62

Item	2022	2021	2020
(II) Other comprehensive income that will be subsequently reclassified to profit and loss	3,618.21	-3,051.10	33,556.45
1. Share in other comprehensive income of the investee that will be reclassified to profit and loss under the equity method	406.60	-1,605.76	37,357.16
2. Changes in fair value of other bond investments	-1.82	0.34	-813.31
3. Profit or loss on changes in fair value of available-for-sale financial assets	-	-	-
4. Profit or loss on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-
5. Credit impairment provision for other debt investments	-0.02	-	-354.31
6. Effective portion of cash flow hedging profit or loss	-	-	-
7. Foreign-currency statement translation difference	3,213.44	-1,445.69	-2,633.09
8. Others	-	-	-
Other comprehensive income attributable to minority shareholders, net of tax	-218.22	-221.86	-271.52
VII. Total comprehensive income	-24,711.60	42,345.80	83,949.72
Total comprehensive income attributable to owners of the parent company	-32,345.61	33,685.76	76,310.16
Total comprehensive income attributable to minority shareholders	7,634.01	8,660.04	7,639.56

3. Consolidated Cash Flow Statement

Currency: RMB Unit: Ten thousand Yuan

Item	2022	2021	2020
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services	612,821.73	608,462.47	523,793.92
Cash from interest, handling fee and commission charged	8,509.52	13,182.15	12,329.89
Tax rebates received	94.91	–	–
Other cash received in connection with operating activities	14,156.87	11,103.65	9,694.77
Subtotal of cash inflows from operating activities	635,583.04	632,748.27	545,818.59
Cash paid for purchase of goods and receipt of services	484,255.88	459,533.59	421,846.78
Net increase in customer loans and advances	–	–	–
Cash paid to and for employees	71,006.37	70,491.32	63,204.94
Taxes and dues paid	25,007.36	18,799.11	20,222.32
Other cash paid in connection with operating activities	13,570.48	16,498.06	17,637.87
Subtotal of cash outflows from operating activities	593,840.10	565,322.08	522,911.91
Net cash flows from operating activities	41,742.94	67,426.19	22,906.68

Item	2022	2021	2020
II. Cash flows from investing activities:			
Cash received from investment recovery	462,655.72	288,823.27	242,924.55
Cash received from acquisition of income on investment	46,632.98	26,984.83	31,266.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets.	1,047.23	169.90	124.96
Net cash received from disposal of subsidiaries and other business units	–	–	1,074.64
Other cash received in connection with investing activities	54,214.56	11,637.65	9,622.34
Subtotal of cash inflows from investing activities	564,550.50	327,615.65	285,013.34
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets.	28,530.09	64,627.17	64,837.81
Cash paid for investment	500,503.25	304,040.90	340,378.71
Net cash paid for acquisition of subsidiaries and other business units	–	–	–
Other cash paid in connection with investing activities	4,414.61	8,340.52	2,223.91
Subtotal of cash outflows from investing activities	533,447.96	377,008.58	407,440.42
Net cash flows from investing activities	31,102.54	–49,392.93	–122,427.08

Item	2022	2021	2020
III. Cash flows from financing activities:			
Cash received from acquisition of investments	–	300.00	–
Wherein: cash received from acquisition of minority shareholder investments by subsidiaries	–	300.00	–
Cash received from acquisition of borrowings	698,203.67	805,193.74	665,539.38
Cash received from issuance of bonds	–	–	–
Other cash received in connection with financing activities	–	–	–
Subtotal of cash inflows from financing activities	698,203.67	805,493.74	665,539.38
Cash paid for debt repayment	634,075.55	779,228.71	587,924.99
Cash paid for distribution of dividends and profits or interest repayment	49,247.61	50,407.93	54,077.65
Wherein: dividends and profits paid by subsidiaries to minority shareholders	3,697.20	2,932.00	3,056.80
Other cash paid in connection with financing activities	1,239.11	1,999.42	2,022.51
Subtotal of cash outflows from financing activities	684,562.27	831,636.06	644,025.15
Net cash flows from financing activities	13,641.40	–26,142.32	21,514.22
IV. Effect of exchange rate changes on cash and cash equivalents	7,099.55	–1,993.58	–7,216.67
V. Net increase in cash and cash equivalents	93,586.42	–10,102.64	–85,222.85
Plus: Beginning balance of cash and cash equivalents	201,851.82	211,954.46	297,177.31
VI. Ending balance of cash and cash equivalents	295,438.23	201,851.82	211,954.46

4. Parent Balance Sheet

Currency: RMB Unit: Ten thousand Yuan

Item	At the end of 2022	At the end of 2021	At the end of 2020
Current assets			
Monetary capital	213,903.52	109,723.84	112,997.87
Trading financial assets	5,219.38	7,021.53	1.05
Notes receivable	–	–	–
Accounts receivable	2,541.62	1,747.49	1,700.46
Prepayments	43.58	14.16	27.00
Other receivables	42,732.23	63,527.68	76,255.01
Wherein: interest receivable	–	–	–
dividends receivable	–	–	–
Inventories	–	–	–
Noncurrent assets due within one year	723.74	649.53	582.93
Other current assets	1,154.97	1,208.53	1,514.98
Total current assets	266,319.03	183,892.75	193,079.30
Noncurrent assets:			
Available-for-sale financial assets	–	–	–
Long-term receivables	9,712.82	10,436.56	11,086.09
Long-term equity investments	1,103,464.27	1,111,720.66	1,084,420.09
Other noncurrent financial assets	74,329.26	119,705.20	92,831.42
Investment properties	20,981.94	21,483.17	17,777.83
Fixed assets	212.95	247.04	210.08
Construction in progress	5.28	23.59	4,448.33
Right-of-use assets	780.81	534.24	801.36
Intangible assets	799.61	1,123.31	825.81
Other noncurrent assets	270.34	–	–
Total noncurrent assets	1,210,557.27	1,265,273.78	1,212,401.02
Total assets	1,476,876.30	1,449,166.52	1,405,480.32

Item	At the end of 2022	At the end of 2021	At the end of 2020
Current liabilities:			
Short-term borrowings	203,274.91	252,249.52	205,736.08
Accounts payable	–	–	1,378.02
Advance receipts	–	–	–
Payroll payable	4,865.63	4,118.73	4,225.04
Taxes payable	177.26	180.26	175.25
Other payables	118,029.50	86,788.23	76,584.78
Wherein: interest payable	–	–	–
dividends payable	91.13	91.13	91.13
Noncurrent liabilities due within one year	237,443.58	88,849.74	5,927.45
Other current liabilities	200.07	137.71	161,645.02
Total current liabilities	563,990.95	432,324.19	455,671.63
Noncurrent liabilities			
Long-term borrowings	–	–	–
Bonds payable	229,564.88	327,379.11	248,456.10
Lease liabilities	511.37	296.14	578.57
Deferred income	224.90	282.32	159.50
Deferred tax liabilities	1,029.59	8,246.61	9,591.17
Other noncurrent liabilities	–	–	–
Total noncurrent liabilities	231,330.74	336,204.18	258,785.35
Total liabilities	795,321.70	768,528.37	714,456.98
Ownership interest			
Share capital	295,243.47	295,243.47	295,243.47
Capital reserve	134,068.13	134,383.02	134,070.96
Other comprehensive income	15,138.69	16,225.11	82,743.44
Surplus reserve	69,485.77	67,777.78	60,571.83
Undistributed profits	167,618.55	167,008.77	118,393.64
Total ownership interest	681,554.61	680,638.15	691,023.34
Total liabilities and ownership interest	1,476,876.30	1,449,166.52	1,405,480.32

5. Parent Income Statement

Currency: RMB Unit: Ten thousand Yuan

Item	2022	2021	2020
I. Operating revenue	2,876.77	2,708.99	2,261.52
Minus: operating cost	501.23	494.26	417.41
Taxes and surcharges	342.62	364.27	301.04
Selling costs	–	–	–
General and administrative expenses	7,661.32	12,570.86	12,019.42
Financial expenses	12,185.85	27,025.25	32,654.36
Asset impairment loss	–	–	–
Credit impairment loss	–23.66	–0.48	–14.43
Plus: Income from change in fair value (loss to be denoted by “-”)	–30,396.17	–3,138.92	37,271.92
Other income	81.69	36.21	43.18
Investment income (loss to be denoted by “-”)	57,826.84	60,202.22	35,523.10
Wherein: income on investments in affiliates and joint ventures	–2,016.40	51,473.69	28,762.67
II. Operating profits (losses to be denoted by “-”)	9,737.52	19,353.37	29,693.07
Plus: Non-business revenue	125.40	106.10	120.49
Wherein: gains on disposal of noncurrent assets	–	–	–
Minus: non-business expenditure	–	39.79	454.54
Wherein: loss on disposal of noncurrent assets	–	–	–
III. Total profits (total losses to be denoted by “-”)	9,862.92	19,419.68	29,359.02
Minus: income tax expense	–7,217.02	–1,344.56	9,474.32
IV. Net profits (net losses to be denoted by “-”)	17,079.94	20,764.24	19,884.70

Item	2022	2021	2020
V. Other comprehensive income, net of tax	-1,086.42	2,055.17	32,913.78
(I) Other comprehensive income that can not be subsequently reclassified to profit and loss	-1,359.46	3,580.69	-4,492.26
1. changes resulting from re-measurement of net assets or net liabilities of the defined benefit plan	-	-	-
2. Share in other comprehensive income of the investee that cannot be reclassified to profit and loss under the equity method	-1,359.46	3,580.69	-4,492.26
(II) Other comprehensive income that will be subsequently reclassified to profit and loss	273.04	-1,525.52	37,406.03
1. Share in other comprehensive income of the investee that will be reclassified to profit and loss under the equity method	273.04	-1,525.52	37,406.03
2. Profit or loss on changes in fair value of available-for-sale financial assets	-	-	-
3. Profit or loss on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-
4. Effective portion of cash flow hedging profit or loss	-	-	-
5. Foreign-currency statement translation difference	-	-	-
6. Others	-	-	-
VI. Total comprehensive income	15,993.52	22,819.41	52,798.48

6. Parent Cash Flow Statement

Currency: RMB Unit: Ten thousand Yuan

Item	2022	2021	2020
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services	2,226.21	2,914.85	1,056.40
Tax rebates received	–	–	–
Other cash received in connection with operating activities	2,047.56	2,215.33	2,375.42
Subtotal of cash inflows from operating activities	4,273.77	5,130.18	3,431.82
Cash paid for purchase of goods and receipt of services	–	–	249.01
Cash paid to and for employees	3,998.73	8,683.67	8,665.12
Taxes and dues paid	359.50	366.09	273.98
Other cash paid in connection with operating activities	1,983.70	3,626.99	3,538.01
Subtotal of cash outflows from operating activities	6,341.92	12,676.74	12,726.12
Net cash flows from operating activities	–2,068.15	–7,546.56	–9,294.29
II. Cash flows from investing activities:			
Cash received from investment recovery	188,734.71	157,064.38	44,258.15
Cash received from acquisition of income on investment	71,840.02	21,259.41	43,533.79
Net cash received from disposal of fixed assets, intangible assets and other long-term assets.	–	–	–
Net cash received from disposal of subsidiaries and other business units	–	–	–
Other cash received in connection with investing activities	649.53	582.94	200.00
Subtotal of cash inflows from investing activities	261,224.26	178,906.72	87,991.94
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets.	436.77	1,565.94	3,049.52

Item	2022	2021	2020
Cash paid for investment	154,412.24	185,591.51	134,938.09
Net cash paid for acquisition of subsidiaries and other business units	—	—	—
Other cash paid in connection with investing activities	—	—	—
Subtotal of cash outflows from investing activities	154,849.01	187,157.45	137,987.61
Net cash flows from investing activities	106,375.25	-8,250.73	-49,995.67
III. Cash flows from financing activities:			
Cash received from acquisition of investments	—	—	—
Cash received from acquisition of borrowings	579,225.02	646,193.18	442,425.78
Other cash received in connection with financing activities	—	—	—
Cash received from issuance of bonds	—	—	—
Subtotal of cash inflows from financing activities	579,225.02	646,193.18	442,425.78
Cash paid for debt repayment	547,276.59	591,532.46	406,841.00
Cash paid for distribution of dividends and profits or interest repayment	38,846.18	39,335.63	42,313.03
Other cash paid in connection with financing activities	713.96	903.82	1,211.55
Subtotal of cash outflows from financing activities	586,836.74	631,771.91	450,365.58
Net cash flows from financing activities	-7,611.72	14,421.27	-7939.80
IV. Effect of exchange rate changes on cash and cash equivalents	7,484.30	-1,898.02	-7,632.49
V. Net increase in cash and cash equivalents	104,179.68	-3,274.04	-74,862.25
Plus: Beginning balance of cash and cash equivalents	109,723.84	112,997.87	187,860.13
VI. Ending balance of cash and cash equivalents	213,903.52	109,723.84	112,997.87

(III) Key financial indicators of the Company in the most recent three years

Item	2022/ end of 2022	2021/ end of 2021	2020/ end of 2020
Total assets (RMB100 million)	235.83	240.75	236.22
Total liabilities (RMB100 million)	140.06	140.59	137.46
Total operating revenue (RMB100 million)	58.54	55.37	49.11
Net profits (RMB100 million)	-2.54	3.92	5.94
Net profits attributable to shareholders of the listed company after deduction of nonrecurring profit and loss (RMB100 million)	2.98	3.43	1.66
Net profits attributable to owners of the parent company (RMB100 million)	-3.33	3.03	5.15
Current ratio	59.44%	65.59%	59.30%
Quick ratio	55.89%	60.89%	55.39%
Gearing ratio(%)	59.39	58.40	58.19
Weighted average ROE(%)	-3.96	3.52	6.23
Weighted average ROE after deduction of nonrecurring profit and loss (%)	3.55	3.97	2.00
EBITDA(RMB100 million)	3.78	11.77	14.71
EBITDA /debt ratio(%)	37.02	12.92	9.88
EBITDA interest coverage	1.16	3.20	4.19
A/R turnover rate	6.92	6.26	11.18
Inventory turnover rate	13.92	12.51	12.14
Loan repayment rate(%)	100.00	100.00	100.00
Interest coverage ratio (%)	100.00	100.00	100.00

(iv) Summary Financial Analysis of Management

1. Asset-liability analysis

Currency: RMB Unit: Yuan

Item name	Ending amount of the current period	Ratio of current ending amount to total assets (%)	Ending amount of the prior period	Ratio of prior-period ending amount to total assets (%)	Percentage of change from current ending amount to prior-period ending amount (%)	Remarks
Monetary capital	3,000,762,145.00	12.72	2,042,607,630.12	8.48	46.91	Mainly due to that the franchise subsidy receivable by a subsidiary Xiangyin Road Tunnel at the end of the last year and 2021Q4 receivables, totaling RMB838 million, were received within this reporting period.
Accounts receivable	439,737,584.38	1.86	1,226,652,600.10	5.10	-64.15	Mainly due to that the franchise subsidy receivable by a subsidiary Xiangyin Road Tunnel at the end of the last year and 2021Q4 receivables, totaling RMB838 million, were received within this reporting period.
Prepayments	56,314,357.68	0.24	39,130,497.01	0.16	43.91	Mainly due to increased natural gas purchase price prepaid by a subsidiary Nantong Dazhong Gas
Other receivables	191,986,388.02	0.81	10,261,958.85	0.04	1,770.86	Mainly due to that RMB165 million receivable dividends of Shanghai Ruyu Energy Investment Co., Ltd were received in January 2023
Inventories	333,070,354.54	1.41	387,371,582.34	1.61	-14.02	-
Investment properties	242,648,211.36	1.03	248,868,264.97	1.03	-2.50	-
Long-term equity investments	7,235,451,786.46	30.68	7,344,995,614.64	30.51	-1.49	-

Item name	Ending amount of the current period	Ratio of current ending amount to total assets (%)	Ending amount of the prior period	Ratio of prior-period ending amount to total assets (%)	Percentage of change from current ending amount to prior-period ending amount (%)	Remarks
Fixed assets	5,072,557,037.43	21.51	5,085,349,805.29	21.12	-0.25	-
Construction in progress	168,307,563.65	0.71	164,327,388.52	0.68	2.42	-
Right-of-use assets	20,260,390.52	0.09	25,929,320.05	0.11	-21.86	-
Short-term borrowings	2,932,831,702.67	12.44	3,393,822,434.25	14.10	-13.58	-
Contract liabilities	771,193,196.49	3.27	920,020,364.34	3.82	-16.18	-
Long-term borrowings	463,300,153.64	1.96	454,695,265.17	1.89	1.89	-
Lease liabilities	9,936,092.40	0.04	14,343,269.62	0.06	-30.73	Mainly due to transfer to noncurrent liabilities due within one year
Noncurrent liabilities due within one year	3,240,524,001.73	13.74	1,581,993,462.13	6.57	104.84	Mainly due to incoming transfer of a portion of bonds payable and long-term borrowings that is due within one year

At the end of 2022, the issuer's assets totaled RMB23,582.9758 million, RMB491.9725 million less compared with the end of 2021, or 2.04% down, mainly due to decreased noncurrent assets. At the end of 2022, the issuer's liabilities totaled RMB14,006.4090 million, RMB52.3416 million less compared with the end of 2021, or 0.37% down. At the end of 2022, the issuer's total ownership interest attributable to the parent company was RMB8,236.7440 million, RMB478.9871 million less compared with the end of 2021, or 5.50% down.

2. Cash Flow Analysis

Currency: RMB Unit: Yuan

Key indicator	2022	2021	Current increase or decrease from the same period of the last year (%)	Cause of change
Net cash flows from operating activities	417,429,354.62	674,261,904.04	-38.09	Sewage treatment fee received by a subsidiary Dazhong Jiading Sewage in this reporting period decreased year-on-year; gas purchase price paid by subsidiaries Shanghai Dazhong Gas and Nantong Dazhong Gas in this reporting period increased year-on-year; the effect of franchise subsidy attributable to net cash flows from operating activities of a subsidiary Xiangyin Road Tunnel in this reporting period was approximately RMB152 million.
Net cash flows from investing activities	311,025,395.04	-493,929,301.25	N/A	A subsidiary Shanghai Dazhong Gas saw remarkable slowdown in pipeline laying progress due to stoppage of work caused by the pandemic during this reporting period, resulting in YoY decrease in cash paid for acquisition of fixed assets, intangible assets and other long-term assets; in this reporting period, cash dividends received from the company's affiliates and other noncurrent financial assets increased year-on-year; in the franchise subsidy received by a subsidiary Xiangyin Road Tunnel in this reporting period, the effect of the part recognized as net cash flows from investing activities was approximately RMB627 million.
Net cash flows from financing activities	136,413,950.25	-261,423,215.34	N/A	In this reporting period, a subsidiary Dazhong Financial Leasing saw large increases in To B and To C business and the net cash flows of total borrowed funds minus debt repayment increased year-on-year due to increased financing needs, thus resulting in a YoY increase in net cash flows from financing activities

In 2022, net cash flows from operating activities of the Company were RMB417.4294 million, RMB256.8325 million down from 2021, or 38.09% down, mainly due to that the sewage treatment fee received by a subsidiary Dazhong Jiading Sewage decreased year-on-year; gas purchase price paid by subsidiaries Shanghai Dazhong Gas and Nantong Dazhong Gas in this reporting period increased year-on-year; the effect of franchise subsidy attributable to net cash flows from operating activities of a subsidiary Xiangyin Road Tunnel in this reporting period was approximately RMB152 million. In 2022, net cash flows from investing activities of the Company were RMB311.0254 million, RMB804.9547 million up from 2021, mainly due to that A subsidiary Shanghai Dazhong Gas saw remarkable slowdown in pipeline laying progress due to stoppage of work caused by the pandemic during this reporting period, resulting in YoY decrease in cash paid for acquisition of fixed assets, intangible assets and other long-term assets; in this reporting period, cash dividends received from the Company's affiliates and other noncurrent financial assets increased year-on-year; in the franchise subsidy received by a subsidiary Xiangyin Road Tunnel in this reporting period, the effect of the part recognized as net cash flows from investing activities was approximately RMB627 million. In 2022, net cash flows from financing activities of the Company were RMB136.4140 million, RMB397.8372 million up from 2021, mainly due to that a subsidiary Dazhong Financial Leasing saw large increases in To B and To C business in this reporting period and the net cash flows of total borrowed funds minus debt repayment increased year-on-year as a result of increased financing needs, thus resulting in a YoY increase in net cash flows from financing activities.

3. Solvency Analysis

Item	2022	2021	2020
Gearing ratio	59.39%	58.40%	58.19%
Current ratio	59.44%	65.59%	59.30%
Quick ratio	55.89%	60.89%	55.39%
EBITDA(RMB100 million)	3.78	11.77	14.71
EBITDA interest coverage ratio	1.16	3.20	4.19

Note: Gearing ratio=total liabilities/total assets

Current ratio=current assets/current liabilities

Quick ratio= (current assets-inventories)/current liabilities

EBITDA=total profits+ interest expenditure charged to financial expenses+ depreciation of fixed assets+amortization of intangible assets+ amortization of long-term unamortized expenses

EBITDA interest coverage ratio=EBITDA/(interest expenditure charged to financial expenses + capitalized interest expenditure)

In 2022, the Company's current ratio was 59.44% and quick ratio 55.89%, registering a decrease compared with 2021; at the end of 2022, the Company's gearing ratio was 59.39%, somewhat up from the end of 2021.

4. Profitability Analysis

Currency: RMB Unit: Yuan

Item	2022	2021	Percentage of change (%)
Operating revenue	5,768,494,326.60	5,417,593,979.70	6.48
Operating cost	5,014,766,917.82	4,601,120,128.07	8.99
Selling cost	199,499,048.67	212,485,506.62	-6.11
General and administrative expenses	391,033,920.77	446,962,374.66	-12.51
Financial expenses	188,828,405.09	347,608,210.69	-45.68
R&D costs	419,811.33	283,018.86	48.33
Net cash flows from operating activities	417,429,354.62	674,261,904.04	-38.09
Net cash flows from investing activities	311,025,395.04	-493,929,301.25	N/A
Net cash flows from financing activities	136,413,950.25	-261,423,215.34	N/A

In 2022, the Company realized total operating revenue of RMB5,768.4943 million, 6.48% up year-on-year; total consolidated profits were RMB(299.4861) million, 160.63% down year-on-year; consolidated net profits were RMB(254.0688) million, 164.78% down year-on-year. Net profits attributable to owners of the parent company were RMB(332.5911) million, 209.64% down year-on-year. In 2022, the company's weighted average ROE was (3.96)%, 7.48% down from 3.52% in the same period of the last year.

5. Future Business Development Objectives and Sustainability of Profitability

In 2023, the Company will actively respond to uncertain factors brought by domestic and overseas economic landscapes, seize new opportunities, take new steps and make a new difference according to the "14th five-year" strategic development plan formulated by the company and upholding the industrial development path of "equal focus on public utilities and financial venture capital investment". The company will actively seek high-quality projects of public utilities as its main business, constantly explore new performance growth points and ensure all aspects of the company's business operations will grow continuously and healthily.

- (1) Advance optimization and adjustment of investment structure in industries and solidify the driving force for continuous development

For 2023, the Company will further adjust its industrial investment structure, endeavor to solidify the role of its public utilities business as the cornerstone, strengthen its corporate legacy surrounding two main business lines of gas and environment, and concentrate its advantageous resources to support the development of its main business.

- (2) Actively respond to new industry policies enacted by the government, and steadily drive local financial industry forward. In terms of local financial industry, Dazhong Financial Leasing will work hard on “consumer installment credit” in close alignment with the strategic plan enacted by the State for boosting domestic demand, and ensure proper connectivity and interaction between its factoring business and financial leasing business.

- (3) Enhance the ability to manage and control investment platforms and establish effective exit mechanisms.

In 2023, the Company will strengthen post-investment management of platform-based entities and equity participation funds, accelerate the exit process of ongoing investment projects, increase capital turnover efficiencies, and maintain balanced and benign development between project investment recovery and new project investment.

- (4) Improve IT drive in both quality and effectiveness and constantly work on internal control management

The Company will further deepen the connection between its IT drive and business operations for deep integration and high effectiveness and efficiency. For internal control management, effective and systematic internal control mechanism and internal supervision and restraint mechanism need to be constantly reinforced and improved to match requirements of the company in different periods and for different business development.

- (5) Strengthen cash flow management and keep gearing ratio under control

In 2023, the Company will still pay great attention to two red lines of “cash flow and gearing ratio”, constantly do a good job of corporate cash operation management, increase fund utilization efficiencies, effectively control debt ratio and maintain strong resistance to risks.

- (6) Establish a long-acting mechanism for workplace safety management and create safe environments

In 2023, the Company will constantly build up safety standardization system for key subsidiaries, establish an awareness of bottom line firmly, seriously carry out the work safety responsibility system, work hard on hazard identification and management, and perfect preventive measures to really deliver on its commitments to workplace safety.

- (7) Enhance the corporate cohesion with talent as the lever

The Company will endeavor to construct a high-performance workforce surrounding dimensions such as talent selection, talent reserve and performance rating, and foster a talent development system and echelon building strategy suitable for business development to safeguard the advancement and achievement of its “14th five-year” plan objectives.

VI. PURPOSE OF FUNDS RAISED FROM ISSUANCE OF CORPORATE BONDS AND OVERSEAS BONDS

Funds to be raised from issuance of corporate bonds and overseas bonds by the Company after deduction of costs of issuance are proposed to be used for purposes including but not limited to repayment of debts, supplementing working capital and project construction. The amounts and ratios of raised funds to be used for the aforesaid purposes will be determined by the management in light of the actual circumstances of the company such as financial condition under the authority of the general meeting upon the request of the board of directors.

The application of funds to be raised from issuance of corporate bonds and overseas bonds by the Company will meet the day-to-day production and operational needs of the Company to a certain extent so as to help optimize the company’s debt structure and promote continuous and healthy development of the Company.

VII. OTHER IMPORTANT EVENTS**(i) External Guarantee**

As of the end of 2022, the issuer had no external guarantees.

(ii) Significant Outstanding Litigations and Arbitrations

As of the date of disclosure of this circular, the Company had no outstanding litigations or arbitrations that should be disclosed and might produce material adverse effects on the Company's financial condition, operating results, reputation, business activities or future prospects.

APPENDIX XII	RESOLUTION ON REGISTRATION AND ISSUANCE OF SUPER SHORT-TERM COMMERCIAL PAPERS AND SHORT-TERM COMMERCIAL PAPERS BY THE COMPANY
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To solve the short-term funding requirements of the Company, reduce financing costs and promote its business development, the Company intends to register with the National Association of Financial Market Institutional Investors with a scheme for issuance of super short-term commercial papers as follows:

I. SIZE OF ISSUANCE

Size of the present registered issuance of super short-term commercial papers and short-term commercial papers: no more than RMB3.5 billion, and may be issued in tranches.

II. OBJECTS OF ISSUANCE

The objects of the present issuance of super short-term commercial papers and short-term commercial papers will be institutional investors in national interbank markets (except for purchasers prohibited by national laws and regulations).

III. COST OF ISSUANCE

The annual interest rate on super short-term commercial papers and short-term commercial papers to be registered and issued this time will be based on interbank market rates.

IV. MATTERS AUTHORIZED TO THE MANAGEMENT

The general meeting is requested to consent to the Board of Directors authorizing the executive team of the Company to decide and deal with matters related to issuance of super short-term commercial papers and short-term commercial papers at its sole discretion according to the Company's requirements and market condition and within the aforesaid issuance scheme, including but not limited to deciding and engaging relevant intermediaries participating in this issuance, determining the specific timing and amount of issuance, batch structure of issuance and interest rate of issuance, signing necessary documents, handling necessary formalities, making relevant information disclosure and adjusting the specific size of this issuance and relevant issuance scheme according to legal provisions and further requirements of regulatory authorities.

APPENDIX XIII	RESOLUTION ON REGISTRATION AND ISSUANCE OF MEDIUM-TERM NOTE BY THE COMPANY
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To solve the short-term funding requirements of the Company, reduce financing costs and promote its business development, the Company intends to register with the National Association of Financial Market Institutional Investors with a scheme for issuance of medium-term note as follows:

I. SIZE OF ISSUANCE

Size of the present registered issuance of medium-term note: no more than RMB3.5 billion, and may be issued in installments.

II. OBJECTS OF ISSUANCE

The objects of the present issuance of medium-term note will be institutional investors in national interbank markets (except for purchasers prohibited by national laws and regulations).

III. COST OF ISSUANCE

The annual interest rate on medium-term note to be registered and issued this time will be based on interbank market rates.

IV. MATTERS AUTHORIZED TO THE MANAGEMENT

The general meeting is requested to consent to the Board of Directors authorizing the executive team of the Company to decide and deal with matters related to issuance of medium-term note at its sole discretion according to actual needs and market condition and within the aforesaid issuance scheme, including but not limited to deciding and engaging relevant intermediaries participating in this issuance, determining the specific timing and amount of issuance, batch structure of issuance and interest rate of issuance, signing necessary documents, handling necessary formalities, making relevant information disclosure and adjusting the specific size of this issuance and relevant issuance scheme according to legal provisions and further requirements of regulatory authorities.

Whereas the tenure of the 11th board of directors of the Company has expired, a general election of the board of directors shall be conducted according to the Company Law and the Articles of Association. According to provisions of the Articles of Association and the Working Rules for Nomination Committee of the Board of Director regarding nomination of director candidates, the nomination committee of the board of directors has vetted the job qualifications of eligible director candidates nominated and recommended by shareholders, and solicited input from relevant shareholders and opinions from director candidates themselves, believing the following recommended individuals are qualified as directors and determined as director candidates for this general election:

Mr. Yang Guoping, Mr. Liang Jiawei and Mr. Wang Baoping are nominated as candidates for executive director of the 12th board of directors of the Company; Mr. Shi Pingyang and Mr. Jin Yongsheng as candidates for non-executive director of the 12th board of directors of the Company; Mr. Jiang Guofang, Ms. Li Yingqi, Mr. Liu Feng and Mr. Yang Ping are nominated as candidates for independent non-executive director of the 12th board of directors of the Company.

The job qualifications of the aforesaid candidates for independent non-executive director have been verified by Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited without objections. The identities of the aforesaid director candidates will be submitted to voting at the 2022 AGM of the Company (see the annex for the biography of candidates, the statement of candidates for independent non-executive director and the statement of nominators).

The new board of directors of the Company will comprise nine directors, including three executive directors, two non-executive directors and four independent non-executive directors.

The board of directors of the Company is greatly thankful to Mr. Wang Kaiguo for his contributions made to the Company during his tenure.

The detailed biographical information of director candidates is set out below:

PROPOSED EXECUTIVE DIRECTORS

(i) Mr. Yang Guoping

Mr. Yang Guoping (楊國平), aged 66, joined our Company in January 1992 and was appointed as the chairman of the Board and a Director of our Company on 1 January 1992. Mr. Yang is the chairman of the Strategic Development Committee and a member of the Nomination Committee and the Remuneration and Appraisal Committee. He is the chairman and general manager of Dazhong Transportation, the director of Shanghai Dazhong Gas, the director of Dazhong Business Management, the vice president of Shenzhen Capital Group, and the director of Songz Automobile Air Conditioning Co., Ltd. (上海加冷松芝汽車空調股份有限公司) (stock code: 002454.SZ), the director of Shanghai Jiaoyun Group Co., Ltd. (上海交運集團股份有限公司) (stock code: 600676.SH) and Nanjiang Public Utilities Development Co., Ltd. (南京公用發展股份有限公司) (stock code:

000421.SZ). Mr. Yang was the independent director of Bright Real Estate Group Co., Ltd. (光明房地產集團股份有限公司) (stock code: 600708.SH) from August 2015 to September 2021, the independent director of Shanghai Shentong Metro Group Co., Ltd. (上海申通地鐵股份有限公司) (stock code: 600834.SH) from May 2017 to May 2020. Mr. Yang is currently the council standing director (理事會常務理事) of the third session of China Association for Public Companies (中國上市公司協會), the vice president of China Taxicab and Car Rental Association and the president of the third session of Shanghai Association of Micro-credit (上海小額貸款公司協會).

As at the Latest Practicable Date, Mr. Yang owns 2,097,861 A-shares of the Company.

(ii) Mr. Liang Jiawei

Mr. Liang Jiawei (梁嘉瑋), aged 49, joined the Company in September 2000 and was appointed as an executive Director of the Company on 28 July 2015. Mr. Liang is a member of the Strategic Development Committee of the Company. He has been the chief executive officer of the Company since June 2015. Mr. Liang has been the director of Dazhong Transportation since April 2016. Mr. Liang is currently the director of Dazhong Business Management, the chairman of Shanghai Dazhong Gas, the director of Shenzhen Capital Group, the vice chairman of Dazhong Financial Leasing, the vice chairman of Shanghai Dazhong Group Capital Investment Co., Ltd., the vice president (legal representative) of the Listed Companies Association of Shanghai (上海上市公司協會) and the council director (理事會理事) of the seventh session of Shanghai Association of Joint-stock Companies (上海市股份公司聯合會). He was accredited twice as outstanding secretary to the Board (優秀董事會秘書) by the Listed Companies Association of Shanghai (上海上市公司協會) in April 2013 and May 2015, respectively. Mr. Liang was accredited as the excellent secretary to the Board of listed companies (上市公司優秀董秘) in the eighth, ninth and tenth selection of New Fortune Gold Medal Secretary to the Board (新財富金牌董秘) held by the New Fortune Magazine (新財富雜誌). He was also accredited as one of the 100 Best Board Secretaries of Companies Listed on the Main Board of China in 2013 (2013年度中國主板上市公司百佳董秘) by Securities Times in September 2014. Mr. Liang obtained a bachelor degree in administrative management from Shanghai University (上海大學) in July 1995 and a master degree in business administration from Preston University in the United States in November 2002.

As at the Latest Practicable Date, Mr. Liang owns 222,300 A-shares of the Company.

(iii) Mr. Wang Baoping

Mr. Wang Baoping (汪寶平), aged 65, was appointed as the executive Director of the Company on June 22, 2020, and is also the chairman of Nantong Dazhong Gas. Mr. Wang was the vice general manager of Shanghai Gas Group and Shanghai Gas. He obtained his degree in television and information processing from the Evening College of Shanghai Polytechnic University (上海工業大學夜大學) in 1987.

PROPOSED NON-EXECUTIVE DIRECTORS**(iv) Mr. Shi Pingyang**

Mr. Shi Pingyang (史平洋), aged 49, was appointed as a non-executive Director on May 27, 2022. Mr. Shi is now the deputy Party secretary and executive vice president of Shanghai Gas, the chairman of Shanghai Shenneng Chengyi Equity Investment Co., Ltd., the chairman of Shanghai ICY Capital Management Ltd., the chairman of Shanghai Qingpu Gas Co., Ltd., the vice chairman of Shanghai Dazhong Gas and the executive director of Shanghai Gas Operation Service Co., Ltd. Mr. Shi served at various positions of Shenergy (Group) Company Limited* (申能(集團)有限公司) from July 2007 to November 2013 and from July 2018 to December 2021 including general manager of investment management department etc. From July 2014 to July 2018, he served at various positions of Huaibei Shenwan Power Generation Co., Ltd* (淮北申皖發電有限公司)* including deputy general manager. From November 2013 to July 2014, he served as an assistant to director of the preparatory department of Anhui Huaibei Pingshan Power Plant* (安徽淮北平山電廠). Mr. Shi received his bachelor degree in boiler major from Xi'an Jiaotong University (西安交通大學) in July 1996.

(v) Mr. Jin Yongsheng

Mr. Jin Yongsheng, aged 60, has served as the Company's non-executive Director since 22 June 2020. Mr. Jin is the vice chairman of the board and also as secretary general in ENN Energy Holdings Limited. From 2006 through 2017 Mr. Jin served as non-executive director in ENN Energy Holdings Limited. Mr. Jin received a bachelor degree with major in public finance from Tianjin University of Finance and Economics in 1986, and an E.M.B.A from Peking University in 2005. Mr. Jin possesses the lawyer qualification in China.

PROPOSED INDEPENDENT NON-EXECUTIVE DIRECTORS**(vi) Mr. Jiang Guofang**

Mr. JIANG Guofang (姜國芳), aged 65, currently serves as an independent director of Dazhong Transportation. He was the vice general manager of Shenwan Hong Yuan Group (申萬宏源集團), the chairman of SYWG BNP Paribas (申萬巴黎) and SWS MU Fund Management Co., Ltd (申萬菱信基金管理有限公司), the executive vice president and Hong Kong chairman of Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司), a director and executive vice president of Shanghai Shenyin Securities Co.* (上海申銀證券公司), the general manager (主任) of the People's Bank of China (中國人民銀行), and deputy director (副處長) of Industrial and Commercial Bank of China (中國工商銀行). Mr. JIANG received his master degree from Universidade Aberta Internacional Da Ásia (Macau) (亞洲(澳門)國際公開大學) in February 1999.

(vii) Ms. Li Yingqi

Ms. Li Yingqi (李穎琦), aged 47, was appointed as an independent non-executive Director on 27 May 2022 and currently serves as a professor and PhD tutor of Shanghai National Accounting Institute (上海國家會計學院). Ms. Li is enjoying special government allowances from the State Council. She also serves as a consultant expert of the internal control standards committee of the Ministry of Finance* (財政部內部控制標準委員會). Ms. Li is currently an independent director of Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司) (stock code: 601156.SH) and the independent director of Shanghai Modern Pharmaceutical Co., Ltd. Ms. Li received her doctoral degree in management from Fudan University (復旦大學) in June 2009. She is a senior member of the Chinese Institute of Certified Public Accountants (non-practicing). She also holds the qualification certificate for independent directors issued by the Shenzhen Stock Exchange.

(viii) Mr. Liu Feng

Mr. Liu Feng (劉峰), aged 55, was appointed as an independent non-executive Director on 27 May 2022. Mr. Liu is currently a senior partner of Beijing Dacheng (Shanghai) Law Firm (北京大成(上海)律師事務所). Mr. Liu serves as an independent director of Shanghai Jiaoda Onlly Co., Ltd.(上海交大昂立股份有限公司)(stock code: 600530), Shanghai Jiaoda Withub Information Industrial Co., Ltd. (上海交大慧谷信息產業股份有限公司) (stock code: 8205.HK) and China Post Technology Co., Ltd. (中郵科技股份有限公司). He was a senior partner of Shanghai Shengda Law Firm (上海市申達律師事務所) from October 2003 to June 2016. Mr. Liu is a civil and administrative consulting expert of Supreme People's Procuratorate (最高人民檢察院民事行政諮詢專家), director of Intellectual Property Business Committee of Shanghai Lawyers Association (上海市律師協會知識產權業務委員會), mediator of Shanghai Economic and Trade Mediation Center (上海經貿商事調解中心), director of Intellectual Property Business Committee of Shanghai Lawyers Association* (上海市律師協會知識產權業務委員會), the vice president of Disciplinary Committee, the director of Shanghai Intellectual Property Service Industry Association, member of Intellectual Property Research Association of Shanghai Law Society (上海市法學會知識產權研究會), member of Intellectual Property Association of China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區知識產權協會), professional of third-party supervision and assessment mechanism for compliance of enterprises involved in the case in Shanghai, specially appointed expert of China Civil Arts Legal Service Center, member of the legal advisory committee of Shanghai Association for Science and Technology, member of the Consumer Rights Protection Legal Expert Service Group of Shanghai Consumer Protection Commission, specially invited mediator of Shanghai Pudong Professional People's Mediation Center. He has also served as a member of the Expert Discussion Committee of the Shanghai Higher People's Court for many times. Mr. Liu received his master degree of business administration from Shanghai Jiaotong University (上海交通大學) in July 2000. He has been a qualified lawyer in the PRC since 1996. He also holds the qualification certificate for independent directors issued by the Shanghai Stock Exchange.

(ix) Mr. Yang Ping

Mr. Yang Ping (楊平), aged 54, was appointed as the Company's independent non-executive Director on 27 May 2022, the director of China Asset Management 30 Forum. He was the chief executive officer and president of Sailing Capital, chief investment officer and member of the Management Committee of China Everbright Limited. Mr. Yang obtained a doctoral degree in economics from the Shanghai Academy of Social Sciences in July 2005.

After three years of hard work, the present Supervisory Committee is about to retire. During its tenure, all members of the Supervisory Committee observed the principle of good faith, dutifully and diligently performed their obligations in the spirit of being responsible to all shareholders, supervised the financial condition of the Company and performance of duties by directors and senior executives of the Company by holding Supervisory Committee meetings, attending board meetings and general meetings as nonvoting attendees according to the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Rules of Procedure for the Supervisory Committee and the Articles of Association, thus ensuring the normative operation of the Company and preserving the interests of investors especially small and medium-sized investors.

According to laws and regulations and normative documents such as Company Law and the Self-discipline Regulatory Guideline No. 1 of Shanghai Stock Exchange for Companies Listed on the Main Board—Normative Operation, and the relevant provisions of the Articles of Association, the Company will conduct general election of the Supervisory Committee according to relevant legal procedures. The Supervisory Committee agrees to nominate Ms. Zhao Siyuan and Ms. Li Ping as supervisor candidates for the 12th Supervisory Committee of the Company, whose identities are required to be submitted to the 2022 AGM of the Company for deliberation. Moreover, Mr. Cao Jing has been elected by the Company's employee congress as supervisor in the capacity of employee representative.

In order to ensure normal operation of the Supervisory Committee of the Company, before the new Supervisory Committee is elected by the general meeting, existing supervisors will still perform their duties as supervisor according to laws, regulations, rules, normative documents and the Articles of Association.

The Supervisory Committee of the Company is deeply thankful to Mr. Zhuang Jianhao for his contributions to the Company during his tenure.

The detailed biographical information of supervisor candidates is set out below:

(i) Ms. Zhao Siyuan

Ms. Zhao Siyuan (趙思淵), aged 51, joined the Company in April 2014 and was appointed as a Supervisor of the Company in April 2014. She has been the director, vice general manager, the secretary to the board of Dazhong Transportation since May 2021 and the chairman of Dazhong Business Management (the Company's shareholder) since June 2019. Ms. Zhao was accredited as excellent secretary to the Board (優秀董事會秘書) by the Listed Companies Association of Shanghai (上海上市公司協會) in May 2015. Ms. Zhao obtained a bachelor degree in law from Shanghai University (上海大學) in July 1993.

(ii) Ms. Li Ping

Ms. Li Ping (李萍), aged 51, is the general manager of the audit department of the Company. Ms. LI served as a financial manager and assistant to the general manager of Dazhong Transportation Commerce Co., Ltd.* (大眾交通商務有限公司) from October 2009 to January 2016. She joined the Company in February 2016 and has served as an assistant to the general manager of the accounting and finance department and deputy general manager of the audit department since then, and the general manager of the audit department since January 2019. She obtained a degree in economics from Zhongnan University of Economics and Law in July 1998.

All shareholders:

As the independent directors of Shanghai Dazhong Public Utilities (Group) Co., Ltd (the “**Company**”), we have performed our duties diligently as independent directors 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. 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 2022 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

(i) Personal biographies and part-time jobs

In 2022, the number of independent directors increased from 3 to 4 while the total number of the Company’s board of directors maintained at 9, providing stronger support for compliant and science-based decision making of the Company. Currently, the board of directors of the Company consists of 9 directors, including 4 independent directors, with basic information about independent directors as follows:

Wang Kaiguo: male, born in 1958, an independent non-executive director of the Company. He currently serves as the chairman of Shanghai Zhongping Guoyu Asset Management Co., Ltd, independent director of Caitong Fund Management Co., Ltd, independent director of Zhongliang Holdings Group Co., Ltd, independent director of Shanghai Rural Commercial Bank Co., Ltd, independent director of Greenland Holding Group Co., Ltd, the vice president of China Productivity Society, and the president of PE Association of Shanghai. He was the chairman of board of directors and secretary of Party committee of Haitong Securities, the deputy director of Research Institute of Administrative Bureau of State-owned Property, the vice president of the Securities Association of China and vice chairman of Shanghai Financial Association.

Li Yingqi: female, born in 1976, an independent non-executive director of the Company, as a professor and doctoral supervisor of Shanghai National Accounting Institute, and a senior member of The Chinese Institute of Certified Public Accountants (non-practicing). Currently doubling as independent director of Eastern Airlines Logistics Co., Ltd and SHYNDEC.

Liu Feng: male, born in 1968, an independent non-executive director of the Company. Currently a senior partner of Beijing Dacheng (Shanghai) Law Firm. Mr. Liu serves as a civil and administrative consulting expert of the Supreme People's Procuratorate, director of Intellectual Property Business Committee of Shanghai Lawyers Association, mediator of Shanghai Economic and Trade Mediation Center, deputy director of the practice dispute mediation committee and disciplinary sanction committee of Shanghai Lawyers Association, member of Intellectual Property Research Association of Shanghai Law Society, member of Shanghai Intellectual Property Service Industry Association, member of lawyers group of the legal consulting committee of Shanghai Science and Technology Commission, member of Intellectual Property Association of China (Shanghai) Pilot Free Trade Zone, specialist of the third-party supervision and evaluation mechanism for regulatory compliance of enterprises involved in cases in Shanghai, specially engaged expert of China Legal Service Center for Folk Art, member of the "expert service group for consumer protection law" of Shanghai Municipal Consumer Protection Commission, specially-engaged mediator of the specialized people's mediation center of Pudong New Area of Shanghai and acted as a member of the expert justification panel of Shanghai Municipal Superior People's Court many times. Mr. Liu currently an independent director of Shanghai Jiaoda Onlly Co., Ltd. Shanghai Jiaoda Withub Information Industrial Co., Ltd., China Post Technology Co., Ltd.

Yang Ping: male, born in 1969, doctor of economics from Shanghai Academy of Social Sciences. He currently serves as independent non-executive director of the Company and a member of China Asset Management 30 Forum. He was the chief executive officer and president of Sailing Capital, chief investment officer and member of the Management Committee of China Everbright Limited.

(ii) Statement of 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 consulting or technological consulting services to the Company or any of its subsidiaries, nor do we obtain any other benefits from the Company, its major shareholders or other connected companies or personnel which have not been disclosed.

Therefore, there is no circumstance that may affect independence.

II. PERFORMANCE OF DUTIES**(i) Meeting attendance**

As independent directors, we attended the board meetings on time and performed our responsibilities diligently. During the Reporting Period, the Company held 6 board meetings and 1 annual general meeting. The attendance of meetings is as follows:

Director name	Board meetings required to be attended this year	Sessions attended in person	Sessions attended via communications	Sessions attended via proxy	Sessions absent from	General meetings attended
Wang Kaiguo	Yes	6	6	0	0	1
Li Yingqi	Yes	4	4	0	0	0
Liu Feng	Yes	4	4	0	0	0
Yang Ping	Yes	4	4	0	0	0

As independent directors, before a board meeting, we took the initiative to obtain and understand the relevant information and materials about the meeting, and have a detailed understanding of the Company's production and operation, made full preparations for the major decisions of the board of directors. At meetings, we carefully considered each proposed resolution, actively participated in discussions and put forward reasonable suggestions, which played a positive role in making of scientific decisions by the board of directors of the Company. We have established an effective communication mechanism with the Company to keep abreast of the Company's business operations and regulatory policies and regulations, thus ensuring the right to know.

(ii) Expression of prior approval opinion and independent opinion

In 2022, in strict accordance with the relevant regulations of the independent director system, we seriously considered the resolutions of the board meetings 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 independent director.

Session	Date held	Resolutions on which independent opinions were expressed
The 14th meeting of the 11th board of directors	30 March 2022	the Resolution on Estimated Ongoing Ordinary Related-party Transactions of the Company for the Year 2022, the Resolution on Application for Comprehensive Bank Credit Facilities of the Company for the Year 2022, the Resolution on the Provision of Guarantee by the Company for Controlled Subsidiaries with respect to External Financing for the Year 2022, the Resolution on the Use of Idle Fund for Cash Management of the Company, the Resolution on the Re-appointment of Domestic Audit Firm and Internal Control Audit Firm of the Company for the Year 2022, the Resolution on the Re-appointment of Overseas Audit Firm of the Company for the Year 2022, the Resolution on Change to Controlled subsidiaries and Equity Method Corporate Accounting Policies, the Resolution on Accrual of Asset Impairment Provision and Asset Write-off of the Company for the Year 2021, the Resolution on Nomination of Candidates for Non-executive Director and Independent Non-executive Director of the Company, the Resolution on Adjustment of Allowance for Independent Non-executive Directors, the Resolution on Amendment to the Articles of Association and Handling Industrial and Commercial Registration
The 16th meeting of the 11th board of directors	27 May 2022	Deliberated and passed the Resolution on Adjustment to Specialized Committees of the Board of Directors

Session	Date held	Resolutions on which independent opinions were expressed
The 17th meeting of the 11th board of directors	30 August 2022	Deliberated and passed the Semiannual Operation Work Report of the Company for the Year 2022, the Semiannual Report and its Abstract of the Company for the Year 2022, and the Resolution on Adjustment to Operating Objectives of the Company for the Year 2022.
The 19th meeting of the 11th board of directors	14 November 2022	Resolution on Conduct of Sale-leaseback Financial Leasing Business between Controlled Subsidiaries and Related Parties

(iii) Operation of specialized committees of the Board of Directors

1. Composition

The Board of Directors of the Company has four specialized committees, i.e., the nomination committee, remuneration and appraisal committee, audit committee and strategic development committee, with memberships as follows:

Specialized committee	Member name
Audit Committee	Li Yingqi, Wang Kaiguo, Liu Feng
Nomination Committee	Liu Feng, Yang Guoping, Wang Kaiguo
Remuneration and Appraisal Committee	Wang Kaiguo, Yang Guoping, Liu Feng
Strategic Development Committee	Yang Guoping, Liang Jiawei, Yang Ping

2. Operation

In 2022, we held 7 meetings of the Audit Committee, 1 meeting of the Nomination Committee, 1 meeting of the Strategic Development Committee, and 1 meeting of the Remuneration and Appraisal Committee in accordance of their respective rules of procedures, at which we considered matters including internal control, financial budget and final accounts, regular report, related-party transactions, and performance-based remuneration of the Company to form opinions and submit resolutions to the Board. The operations of all committees were in compliance with laws. Details are as follows:

- (1) During the reporting period, the Audit Committee held 7 meetings.

Date held	Meeting contents	Important comments and suggestions
14 January 2022	Reviewed the 2021 financial statements (preliminary draft) of the Company	The Audit Committee reviewed the Company's annual financial statements (preliminary draft), and inquired about sources and basis of certain important data in financial report prepared by the finance department. Meanwhile, it also raised some suggestions on the construction of internal control system.
10 February 2022	Preliminary Schedule and Work Plan of the Company for 2021	The Audit Committee requested the relevant personnel of the Company to seriously study the spirit of the document "Notice on the Work of the 2021 Annual Report of Listed Companies" issued by the Shanghai Stock Exchange to ensure the authenticity, accuracy, completeness and timeliness of the Company's 2021 annual report; at the same time, it agreed with the time schedule and work plan for subsequent audit of certified public accountants responsible for annual audit, and agreed to further discuss the matter after such certified public accountants issue preliminary audit opinion in late March 2022.

Date held	Meeting contents	Important comments and suggestions
25 March 2022	Preliminary opinion on the annual audit of the 2021 annual report and the work of the audit	The Audit Committee preliminarily agreed with the preliminary opinions on the Company's 2021 annual audit made by the certified public accountants of BDO China Shu Lun Pan Certified Public Accountants LLP, and would vote on the official annual audit report at the meeting of the Audit Committee of the Company's Board of Directors after it is issued by BDO China Shu Lun Pan Certified Public Accountants LLP
30 March 2022	The Final Financial Report for 2021, Financial Budget Report for 2022, Financial Statements of the Company for 2021, Internal Control Evaluation Report for 2021, Performance Report of the Audit Committee for 2021, Audit Work Summary of BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited for 2021, the Resolution on Reappointment of Domestic Audit firm and Internal Control Audit Firm for 2022, the Resolution on Reappointment of Overseas Audit Firm for 2022 and the Resolution on Daily Related-party Transactions of the Company for 2022 were examined and verified.	The Audit Committee carried out the work with a duty of due diligence strictly according to the Company Law, the Code of Corporate Governance for Listed Companies, the Articles of Association and the Rules of Procedure for Audit Committee of the Board of Directors, and raised related opinions in light of the Company's actual circumstances. After full communication and discussion, it was unanimously agreed to submit the eight resolutions to the Board of Directors of the Company for deliberation.

Date held	Meeting contents	Important comments and suggestions
29 April 2022	Deliberated the Report of the Company for the First Quarter of 2022	All topics unanimously deliberated and passed
30 August 2022	Deliberated the Full Text and Abstract of Semiannual Report of the Company for the Year 2022	All topics unanimously deliberated and passed
29 October 2022	Deliberated the Report of the Company for the Third Quarter of 2022	All topics unanimously deliberated and passed
(2) During the reporting period, the Nomination Committee held 1 meeting.		

Date held	Meeting contents	Important comments and suggestions
30 March 2022	Review and revision of the Board Membership Diversity Policy	In 2022, the Nomination Committee actively performed its duties according to the Company Law, the Code of Corporate Governance for Listed Companies, the Articles of Association and the Rules of Procedure for Nomination Committee of the Board of Directors and relevant provisions. Considering that the Listing Rules of HKSE revised part of the Listing Rules by requiring in the board diversity chapter (Section 13.92 of the Main Board's Listing Rules) that board members of listed companies may not be of single gender, therefore a woman was added this time to the Board as independent non-executive director. The Nomination Committee will continue to obey the Board Diversity Membership Policy and consider potential candidates in accordance with the criteria set out in the aforesaid Policy with a view to increasing the Board membership diversity.

- (3) During the reporting period, the Remuneration and Appraisal Committee held 1 meeting.

Date held	Meeting contents	Important comments and suggestions
30 March 2022	Performance Appraisal Scheme of Senior Management Team of the Company in 2021, Performance Appraisal Scheme of Senior Management Team of the Company in 2022	In 2022, the Remuneration and Appraisal Committee actively performed its duties strictly according to the Company Law, the Code of Corporate Governance for Listed Companies, the Articles of Association and the Rules of Procedure for Remuneration and Appraisal Committee of the Board of Directors and relevant provisions. In light of the Company's actual circumstances, after full communication and discussion, the Committee unanimously believed that in 2021, under the correct leadership of the Board of Directors and the joint efforts of all employees, the Company overcame the impact of the pandemic, the main business developed steadily, the key projects were promoted in an orderly manner, the self-run financial business developed stably, and the Company substantially completed various budget objectives of 2021, with good achievements made in all aspects of business operation and management. The Remuneration and Appraisal Committee agreed with implementation of Performance Appraisal Scheme of Senior Management Team of the Company in 2021. In order to further promote the more sustainable and healthy development of the Company and perfect the assessment mechanism linking the pay of the senior management team with the corporate performance, the Remuneration and Appraisal Committee formulated the Performance Appraisal Scheme of Senior Management Team of the Company in 2022 from the perspective of standardizing the remuneration mechanism, in hopes of establishing an incentive mechanism combining the responsibilities, authorities and interests of the senior management team and a long-term mechanism with rational distribution structure.

- (4) During the reporting period, the Strategic Development Committee held 1 meeting.

Date held	Meeting contents	Important comments and suggestions
30 March 2022	the Work Plan of the Company for the Year 2022	In 2022, the Strategic Development Committee actively performed its duties strictly according to the Company Law, the Code of Corporate Governance for Listed Companies, the Articles of Association and the Rules of Procedure for Strategic Development Committee of the Board of Directors and relevant provisions. The Committee conducted in-depth analysis and research into the industry in which the Company operates, and raised reasonable suggestions for the 2022 work plan of the Company, which yielded desirable results once carried out by the management.

III. MAJOR CONCERNS ARISING FROM THE PERFORMANCE OF DUTIES DURING THE YEAR

(i) Related-party transactions

In 2022, daily 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association, and the Administrative Measures for Related-party Transactions, we reviewed the related-party transactions during the reporting period in terms of their necessity, fairness, and compliance, and expressed independent opinions. The related-party transactions of the Company during 2022 were conducted based on the estimated annual transactions, followed decision-making procedures compliant with requirements, entered into on fair and reasonable transaction terms, involved trading behaviors in an open, fair, and reasonable manner under the principles of market economy, at reasonable and fair trading prices, caused no harm to the interests of the Company and non-related Shareholders, and will not adversely affect the independence of the Company.

(ii) External guarantees and occupation of funds

In 2022, in light of 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 2021 and concluded that in accordance with the 2021 Audit Report on Shanghai Dazhong Public Utilities (Group) Co., Ltd. from BDO China Shu Lun Pan Certified Public Accountants LLP and the actual situation of the Company, the Company has established relatively sound deliberation and approval procedures in respect of external guarantee and has dully 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 guarantees to controlling shareholder, actual controller and its related parties, any unincorporated body or individual, and had no guarantees overdue. None of the controlling shareholders of the Company and its related parties occupied the funds of the Company for non-operating needs.

(iii) Remuneration of senior management

The Company confirms the appraisal results of its senior management in strict accordance with the Remuneration and Appraisal Plan for Senior Management developed by the Board, and recognizes 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 of the performance appraisal and relevant remuneration policies of the Company and the review procedures for the resolutions conform to relevant laws and regulations and the Articles of Association, causing no harm to interests of the Company and its small and medium shareholders. Therefore, we agree with this matter.

(iv) Cash dividends and other returns to investors

The Company considered and approved the 2021 Profit Distribution Plan of the Company at the 2021 annual general meeting, and implemented the distribution of profits in July 2022. We made specific explanation and expressed our opinions on the Company's 2021 Profit Distribution Plan and cash dividends. After examination, we concluded that the policies on cash dividends developed by the Company can deliver reasonable investment returns to investors, have regard to the sustainability of the Company, are in line with the actual development of the Company and the industry in which it operates, protect the interests of small and medium shareholders, and are beneficial to the Company's continuous, steady and healthy development. The decision-making procedures in respect of cash dividends of the Company are compliant with relevant laws and regulations and the Articles of Association, and cause no harm to the interests of the Company and its shareholders as a whole, especially small and medium shareholders.

(v) Execution of internal control

In 2022, 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 Internal Control System Manual of the Company. As independent directors, we take the Audit Committee as the main supervisory body to regularly listen to the reports on the Company. Based on the Internal Control Evaluation Report of the Company and the audit by the internal control audit firm, the present internal control system can meet and satisfy relevant provisions of relevant national laws and regulations and the relevant requirements of regulatory authorities, and the internal control system and its policies of the Company have no major defects in completeness, reasonableness and effectiveness in all material aspects and have no major deviations during actual implementation. Therefore, they are sufficient and effective in guaranteeing the security of the Company's assets and normal conduct of operating and management activities.

(vi) Implementation of information disclosure

During the reporting period, the Company fulfilled its information disclosure obligations in strict accordance with relevant laws and regulations and the Management System for Information Disclosure Affairs of the Company. In 2022, the Company published a total of 4 periodic reports and 39 interim announcements on the Shanghai Stock Exchange; it also disclosed documents 151 times in total on the Hong Kong Stock Exchange. The Company didn't violate the Stock Listing Rules or the Articles of Association and other laws and regulations of the two places, and has fulfilled the relevant information disclosure obligation 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 2022, the information disclosed by the Company is true, accurate, timely and complete, free of any false records, misleading statements or material omissions.

(vii) Appointment of accounting firms

In 2022, the Company continued engaging 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 engaging BDO Limited as the overseas audit firm for the Company. The aforesaid accounting firms are compliant with the relevant regulations of 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 engagements agreed with the Company in an independent, objective, fair and timely manner.

IV. OVERALL EVALUATION AND SUGGESTIONS

In 2022, as independent directors of the Company, we participated in the decision-making of major issues of the Company in accordance with the regulations and requirements of relevant laws and the Company's policies in an objective, fair and independent manner. 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 minority shareholders.

In 2023, we will continue learning more about new regulations, prudently, conscientiously, diligently and faithfully perform the duties of independent directors in accordance with the requirements of relevant laws and regulations and the Articles of Association for independent directors. We will participate in corporate governance adhering to the principles of independent, objective and prudent judgment, gain an in-depth understanding of the Company's production and operation, and strengthen communication with members of the board of directors, the Supervisory Committee and the management of the Company. We will endeavor to further improve the Company's decision-making and business performance, effectively safeguard the overall interests of the Company, and ensure that the legitimate rights and interests of all shareholders, especially minority shareholders, are not infringed, so as to promote the sustainable, healthy and high-quality development of the Company.