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## LISTING RULES IMPLICATIONS

### Connected transaction

Dazhong Financial Leasing is a non-wholly owned subsidiary of the Company. Dazhong Business Management is the substantial shareholder of the Company. Each of Shanghai Yixiang and Dazhong Wanxiang is a subsidiary of Dazhong Business Management, a substantial shareholder of the Company. Therefore Shanghai Yixiang and Dazhong Wanxiang are connected persons of the Company by virtue of being associates of Dazhong Business Management. The Title Transfer constitutes a connected transaction for the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the Title Transfer is higher than 0.1% but less than 5%, the Title Transfer is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### Continuing connected transactions

The Leaseback also constitute continuing connected transactions for the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Caps is higher than 0.1% but less than 5%, the Leaseback is subject to the reporting, annual review and announcement requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 14 November 2022, Dazhong Financial Leasing, being a non-wholly owned subsidiary of the Company, entered into the Title Transfer Agreement and the Leaseback Agreement with Dazhong Business Management, Shanghai Yixiang and Dazhong Wanxiang. The Assets were transferred from Dazhong Business Management, Shanghai Yixiang and Dazhong Wanxiang to Dazhong Financial Leasing. Meanwhile, the Assets shall be leased back to Dazhong Business Management, Shanghai Yixiang and Dazhong Wanxiang which are also obliged to pay rents.

## TITLE TRANSFER AGREEMENT

The principal terms of the Title Transfer Agreement are summarized as follows:

Date: 14 November 2022

Parties: Transferors: Dazhong Business Management, a substantial shareholder of the Company; Shanghai Yixiang, an indirect subsidiary of Dazhong Business Management; and Dazhong Wanxiang, an indirect subsidiary of Dazhong Business Management

Transferee: Dazhong Financial Leasing, a non-wholly owned subsidiary of the Company

Pursuant to the Title Transfer Agreement, the Transferors agreed to sell and the Transferee agreed to purchase the Assets at a consideration of RMB65,000,000, which was determined after negotiations between the parties with reference to the value of the Assets, being approximately RMB88,474,790.34. Pursuant to the valuation report dated 8 November 2022, the operating licenses and taxis attributed a value of approximately RMB31,960,200 and equipment and ancillary tools attributed a value of approximately RMB56,514,600. The Consideration shall be paid in full in cash by the Transferee to the Transferors within five (5) business days upon satisfaction of the following conditions:

(1) The execution of the Title Transfer Agreement and the Leaseback Agreement, as well as all the attachments and legal documents; and

(2) The Transferee having received a deposit of RMB6,500,000 and a handling fee of RMB1,365,000 under the Leaseback Agreement from the Transferors.

**Effectiveness**

The Title Transfer Agreement shall take effect upon execution of the Leaseback Agreement.

**Transfer of Title**

Upon payment of the Consideration by the Transferee to the Transferors, the title of the Assets will be transferred from the Transferors to the Transferee.

## LEASEBACK AGREEMENT

The principal terms of the Leaseback Agreement are summarized as follows:

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| Date: | 14 November 2022 |
| Parties: | Lessees: Dazhong Business Management, a substantial shareholder of the Company; Shanghai Yixiang, an indirect subsidiary of Dazhong Business Management; and Dazhong Wanxiang, an indirect subsidiary of Dazhong Business Management<br><br>Lessor: Dazhong Financial Leasing, a non-wholly owned subsidiary of the Company |
| Lease Period: | 36 months, commencing from the date of payment of the Consideration by Lessor (the "**Lease Period**") |

Pursuant to the Leaseback Agreement, the Assets shall be leased back to the Lessees during the Lease Period at the total rent of RMB69,905,564.76. Such lease consideration shall be paid by cash by the Lessees to the Lessor during the Lease Period in twelve (12) installments on a quarterly basis.

### Annual Caps

The maximum annual cap for the Leaseback under the Leaseback Agreement for each of the years upon the Leaseback Agreement becoming i8e RM24,666,8co(prsets)]TJT*[(an)3104.1(annual)3
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## INFORMATION ON THE TRANSFEREE/LESSOR

Dazhong Financial Leasing is a non-wholly owned subsidiary of the Company which principally engages in financial leasing activities. Dazhong Financial Leasing is ultimately held by Shanghai Dazhong Business Management Employee Share Ownership Committee* (上海大眾企業管理有限公司職工持股會), which is a holding vehicle.

## INFORMATION ON THE TRANSFERORS/LESSEES

Dazhong Business Management is principally engaged in taxi operation service, investment management service, investment consulting service and sales of auto parts. Dazhong Business Management is ultimately held by Shanghai Dazhong Business Management Employee Share Ownership Committee* (上海大眾企業管理有限公司職工持股會).

Shanghai Yixiang is principally engaged in quality inspection services. Shanghai Yixiang is ultimately held by Shanghai Dazhong Business Management Employee Share Ownership Committee* (上海大眾企業管理有限公司職工持股會).

Dazhong Wanxiang is principally engaged in auto repair and sales of auto parts. Dazhong Wanxiang is ultimately held by Shanghai Dazhong Business Management Employee Share Ownership Committee* (上海大眾企業管理有限公司職工持股會).

## REASONS FOR THE TITLE TRANSFER AND LEASEBACK OF ASSETS

The Title Transfer and Leaseback of Assets are conducive to the expansion of the business scale and to the increase of stable income for Dazhong Financial Leasing. The qualifications of the Dazhong Financial Leasing are satisfactory. The risks associated with the current finance lease are relatively small, and the rental return can be guaranteed with no damage to the interests of small and medium-sized shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Title Transfer and Leaseback of Assets are on normal commercial terms or better and in the ordinary and usual course of business of the Group, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, Mr. Yang Guoping (楊國平) and Mr. Liang Jiawei (梁嘉瑋), who are the executive Directors are also the directors of Dazhong Business Management, were required and had abstained from voting at the nineteenth meeting of the eleventh session of the Board approving the Title Transfer Agreement and the Leaseback Agreement. Save as disclosed above, none of the Directors has any material interest in the Title Transfer and Leaseback of Assets and thus be required to abstain from voting on the relevant Board resolutions.

## LISTING RULES IMPLICATIONS

### Connected transaction

Dazhong Financial Leasing is a non-wholly owned subsidiary of the Company. Dazhong Business Management is the substantial shareholder of the Company. Each of Shanghai Yixiang and Dazhong Wanxiang is a subsidiary of Dazhong Business Management, a substantial shareholder of the Company. Therefore Shanghai Yixiang and Dazhong Wanxiang are connected persons of the Company by virtue of being associates of Dazhong Business Management. The Title Transfer constitutes a connected transaction for the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the Title Transfer is higher than 0.1% but less than 5%, the Title Transfer is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### Continuing connected transactions

The Leaseback also constitute continuing connected transactions for the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the Annual Caps is

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| "Annual Caps" | the annual caps of the Leaseback under the section headed "Annual Caps" |
| "Assets" | the 120 taxis (with operating licenses), equipment and ancillary tools which form the subject matter under the Title Transfer Agreement and the Leaseback Agreement, among which (i) 120 taxis (with operating licenses) belong to Dazhong Business Management; (ii) equipment and ancillary tools amounted to a book value of RMB39,273,148.33 belong to Dazhong Wanxiang; and (iii) equipment and ancillary tools amounted to a book value of RMB5,981,874.30 belong to Shanghai Yixiang |
| "Board" | the board of Director(s) |
| "Company" | Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (上海大眾公用事業(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC on 1 January 1992, whose A shares and H shares have been listed on the Shanghai Stock Exchange since 4 March 1993 (stock code: 600635.SH) and the Main Board of the Stock Exchange since 5 December 2016 (stock code: 1635) respectively |
| "Consideration" | the consideration pursuant to the Title Transfer Agreement, which is RMB65,000,000 |
| "Dazhong Business Management" | Shanghai Dazhong Business Management Co., Ltd.* (上海大眾企業管理有限公司), a limited liability company incorporated in the PRC on 10 March 1995 and the substantial shareholder of the Company |
| "Dazhong Financial Leasing" | Shanghai Dazhong Financial Leasing Co., Ltd.* (上海大眾融資租賃有限公司), a limited liability company incorporated in the PRC on 19 September 2014 and owned as to 55% by the Company |

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| “Dazhong Wanxiang” | Shanghai Dazhong Wanxiang Auto Repair Co., Ltd.* (上海大眾萬祥汽車修理有限公司), a limited liability company incorporated in the PRC on 26 December 1991 and indirect |

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| "Title Transfer Agreement" | the title transfer agreement dated 14 November 2022 entered into among Dazhong Financial Leasing, Dazhong Business Management, Shanghai Yixiang and Dazhong Wanxiang |
| "Title Transfer and Leaseback of Assets" | Title Transfer and Leaseback |
| "Valuation Report" | the valuation report dated 8 November 2022 with a base date of 30 September 2022, which assessed the value of the taxis and their operating licenses, equipment and ancillary tools under the Assets using the cost approach and income approach |

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

Shanghai, the PRC
14 November 2022

*As at the date of this announcement, the executive Directors are Mr. YANG Guoping, Mr. LIANG Jiawei and Mr. WANG Baoping; the non-executive Directors are Mr. JIN Yongsheng and Mr. SHI Pingyang; and the independent non-executive Directors are Mr. WANG Kaiguo, Ms. LI Yingqi, Mr. LIU Feng and Mr. YANG Ping.*

* *For identification purposes only*