



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 with Limited Liability Incorporated in the PRC)

Environmental, Social and Governance (ESG) Report

March 30, 2020

* *For identification purpose only*

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1 Corporate Profile

1.1 About Us

1.1.1 Company Profile

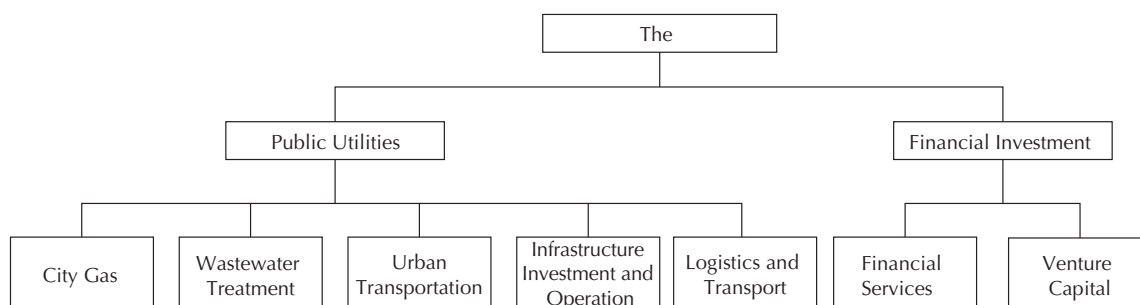
Shanghai Dazhong Public Utilities (Group) Co., Ltd. (hereinafter as “DZUG” or “the Company”) was established on December 24, 1991, formerly known as Shanghai Pudong Dazhong Taxi Co., Ltd. (上海浦東大眾出租汽車股份有限公司), the first joint stock company in the taxi industry of China. The Company’s shares were listed on the Shanghai Stock Exchange on March 4, 1993 (stock short name: DZUG; stock code: 600635) and the Main Board of the Hong Kong Stock Exchange on December 5, 2016 (stock code: 1635). As of December 31, 2017, after the listing of over-allotment shares on the Main Board of the Hong Kong Stock Exchange, the total share capital of the Company was increased to 2,952,434,675 shares. Among which, there are 2,418,791,675 A shares, accounting for 81.9% and 533,643,000 H shares, accounting for 18.1%.

Over the past 20 plus years, the Company transitioned from a transportation enterprise that synchronised with the open-up of Shanghai’s Pudong New Area and was listed ahead of all industry peers, to an investment holding enterprise that combined the development of public utilities and financial investment. The Company sees two major businesses of public utilities and financial investment, which jointly constitute the main source of the Company’s profits. Our public utilities business included (1) city gas; (2) wastewater treatment; (3) urban transportation; and (4) infrastructure investment and operation; (5) logistics and transport. Our financial investment business included (1) financial services; and (2) venture capital.

For the year 2019, the Company achieved operating revenue of RMB5.61 billion and net profit of RMB526 million. As of December 31, 2019, the total assets of the Company amounted to RMB22.237 billion and net assets amounted to RMB8.007 billion.

1.1.2 Major Businesses

Public utilities and financial investment both constitute the Company’s main sources of profit. The following table illustrates the main business segments and the social responsibilities of DZUG:



- *Public Utility*

- (1) **City gas:** The scope of the Company's gas business includes gas sales and pipeline construction and our business model is to procure gas from the upstream suppliers, sell the gas to end users through our proprietary pipeline network, and also provide relevant distribution services. Our business area mainly focuses on southwestern districts in Shanghai and Nantong in Jiangsu Province. The Company is the sole supplier of piped natural gas in the South Puxi Area in Shanghai and Nantong, Jiangsu Province and has underground pipelines exceeding 6,700 km and 2,200 km respectively. Meanwhile, the Company's investment in Suchuang Gas Corporation Limited (Stock Code: 1430.HK) in Taicang, as well as in Jiangyin Tianli Gas Co., Ltd., brought about positive impact on enhancing the overall profitability of the gas business.

Relationship with the corporate social responsibility: Natural gas, as a low-carbon clean energy, is abundant in reserves, safe and environmentally friendly, and plays an important role in the world energy structure. The shale gas technology revolution has greatly increased the world's natural gas reserves, and natural gas has become the world's most promising energy source. In response to the National Strategic Action Plan for Energy Development (2014-2020) (《能源發展戰略行動計畫(2014-2020年)》) and the 13th Five-Year Plan for Energy Development (《能源發展“十三五”規劃》), the Company has comprehensively completed the work of “Coal to Gas”, replacing traditional coal gas with natural gas, and providing strong support for people's low-carbon and clean life. The year 2019 marks the fifth year of implementing General Secretary Xi Jinping's new energy safety strategy of “four revolutions, one cooperation”, and the key year to build the natural gas production, provision, storage and distribution systems. During the year, the Company also actively promoted the comprehensive pilot and special pilot work of oil and gas system reform in Jiangsu and Shanghai, and promotes the construction of natural gas production, supply, storage and sales system, which is conducive to the further improvement of the supply guarantee and operation efficiency of local natural gas.

- (2) **Wastewater treatment:** The major business scope of the Company's wastewater treatment projects includes the treatment of wastewater from daily lives and industries. The Company conducts wastewater treatment business pursuant to the concession agreements entered into with local governments. The Company is responsible for handling urban wastewater in areas specified by the government and discharges to specified location after meeting the discharging standards. Currently, the Company operates a number of wastewater treatment plants in Shanghai, Xuzhou and Lianyungang in Jiangsu Province with total designed capacity of 420 thousand tons per day. Our wastewater treatment adopts matured wastewater treatment process in China, which can satisfy the existing requirements and standards of treated water discharge. The local governments procure public services from the Company, and pay fees in accordance with the unit prices approved by local financial bureaus, construction bureaus and water authorities etc.

Relationship with the corporate social responsibility: With the rapid development of the PRC's economy, the problems of shortage of water resources and pollution of water environment are becoming more severe. The Company continues to improve its wastewater treatment technologies and heighten its management standards, effectively improving the quality of regional treated water discharge and sludge recycling, and promoting the green economic development and healthy water usage.

- (3) **Urban transportation:** The urban transportation service business of the Company mainly focuses on the comprehensive transportation, which is operated by Dazhong Transportation (Group) Co., Ltd. (大眾交通(集團)股份有限公司) (Stock Code: 600611.SH), a subsidiary of the Company. It primarily engages in the development of taxi operation, car rental and other market segments, and provides comprehensive transportation and ancillary services such as taxi operation, car rental, service and tourism. Dazhong Transportation has over ten thousand vehicles, including taxis, rental cars and tourist buses, among which the number of taxi representing around 17% of the total number of taxis in Shanghai.

The taxi operation business of Dazhong Transportation is mainly under subcontracting in Shanghai and mainly under rental and callings of cars outside Shanghai. At the same time, in response to the effects of internet model on traditional taxi industry, leveraging on the advantage of Dazhong brand, Dazhong Transportation launched the “Dazhong Chuxing” (大眾出行) platform to provide regular online car hailing services. The car rental business of Dazhong Transportation mainly includes long term and short term rental. Under the operation model, the Company will purchase vehicles and licenses and provide external car rental service in an integrated way.

Relationship with the corporate social responsibility: The year 2019 marked in-depth reform and fast growth of China’s transportation industry. The road-based infrastructure was further enhanced, the urban traffic jams continued to drop, the efficiency of highway movement was sharply increased, the public transportation services were improved, the people’s willingness to go out continued to grow, and the interactions between cities were more active. With the construction of Shanghai’s “five centres” in international economy, finance, shipping, trade and innovation, the demand for daily travelling in Shanghai and the demand for taxis, car rental and ride-hailing services are growing. The Company adopts the strategy of “the real economy and the Internet” to provide more humane and convenient travel services for Shanghai residents, and becomes Shanghai’s innovative and green transportation pioneer via its growing inclusion of new energy-based vehicles.

- (4) **Infrastructure investment and operation:** The current infrastructure investment project operated by the Company is the Xiangyin Road tunnel in Shanghai, which is invested, constructed and operated under BOT (Build-Operate-Transfer) arrangement. The Company provides operation maintenance and protection services for the project, and the Shanghai government provides ongoing special subsidy to the Company as investment payback and return.

Relationship with the corporate social responsibility: The Company has provided more conveniences for residents’ living and travelling, which effectively improves the quality of life and leisure of residents, via its construction and operation of urban public infrastructure, as well as the operation and maintenance.

- (5) **Logistics and transport:** The Company's subsidiary Shanghai Dazhong Run Logistics Shares Co., Ltd. (上海大眾運行物流股份有限公司) conducts the logistics and transport business. Dazhong Run owns more than 900 operating vehicles and carries out business operations on 96811 dispatching platform as the core of its principal activities. Currently, the principal activities of Dazhong Run include lease for freight transport, relocation, liquefied petroleum gas (LPG) distribution, supply chain of Dazhong Run and others. Dazhong Run possesses the qualification of Dangerous Goods Transportation (Gases II) in Shanghai, and is the sole professional logistics company in the capacity of the third party licensed for LPG distribution in Shanghai. The LPG transport fleet covers the central urban area and 12 administrative regions including Chongming, Songjiang and Pudong. LPG distribution model will be conducive to the depth optimisation in logistics and transport and energy trading in relation to gas business of the Company.

Relationship with the corporate social responsibility: According to the Shanghai Government Work Report, the national strategy of Yangtze Delta Region integration would be fully executed, to become a major driver. The Yangtze Delta Region is a key market in the logistics industry, and the innovation and interaction within such area will spur the complementation of different advantages and staggered development, to extend the industry chain and bring more opportunities to the continued cooperation within the region. The Company's professional logistics and transport services can meet the implicit needs of benefits and conveniences etc., and by using more new energy-based vehicles, the Company strengthens its green transportation pioneer position while improving the corporate and public economic benefits.

- *Financial Investment*

- (1) **Financial services:** The Company wholly-owned or majority-owned a number different types of financial service companies, which are mainly engaged in financial leasing, pre-paid cards and etc. The financial leasing business charges net spreads as a source of profit, with the major sources of income of interest, handling charges and commissions. The Company's pre-paid cards business of "Dazhong e-Card (大眾e通卡)" covers both online and offline consumption scenarios, providing quality payment services to customers.

Relationship with the corporate social responsibility: The country's "13th Five-year Plan" calls for speeding up the reform of the financial system and improving the efficiency of the financial sector to serve the real economy. Therefore, the financial leasing industry will be more prominent in bridging the financial services and the real economy. This kind of service can help micro and SMEs and rural enterprises to enjoy lower interest rates, more efficient, flexible and accurate loan financing support, so as to more effectively promote the further development of social economy especially the real economy. Meanwhile, the Company proactively seeks potential cross-industry projects and helps them finance, effectively pushing forward the development of innovative industries.

- (2) **Venture capital:** The venture capital business of the Company is mainly carried out as investments in venture capital enterprises and direct investments. There are four major venture capital platforms invested in by the Company, which are Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), Shanghai Huacan Equity Investment Fund Partnership (Limited Partnership) (上海華璨股權投資基金合夥企業(有限合夥)) ("Huacan Fund"), Shanghai Xingye Venture Capital Co., Ltd. (上海興燁創業投資有限公司) and Dacheng Huicai (Shenzhen) Industry Partnership (Limited Partnership) (大成匯彩(深圳)實業合夥企業(有限合夥)).

Relationship with the corporate social responsibility: The 2019 Government Work Report (《2019年政府工作報告》) clearly put forward the idea of improving the fundamental rules of capital markets, developing healthy multi-level capital markets, and increasing the intensity of direct financing especially equity financing. Answering the government calls, the Company changed from the traditional “single strategy” into the new “mixed strategies”, to see a whole-industry-chain layout. Meanwhile, the Company proactively seeks potential cross-industry projects and helps them finance, effectively pushing forward the development of innovative industries and the real economy.

1.1.3 Corporate Social Responsibility



1.2 Focuses of 2019

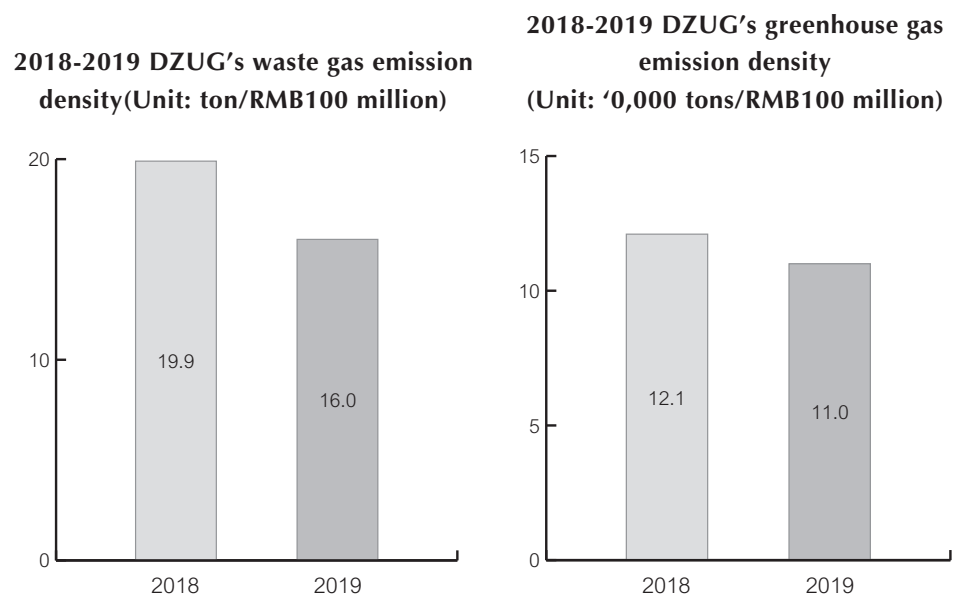
1.2.1 Environmental and Natural Resources Protection Performance Overview

Effective energy saving and emission reduction

DZUG is adopting the corporate philosophy of green development; following a series of environmental policies, DZUG proactively takes some measures, e.g. technology innovation, equipment upgrade, publicity of environmental protection ideas etc., to maximally reduce the negative impact its operations impose on the environment.

In 2019, DZUG achieved the following results regarding emission reduction and energy consumption lowering:

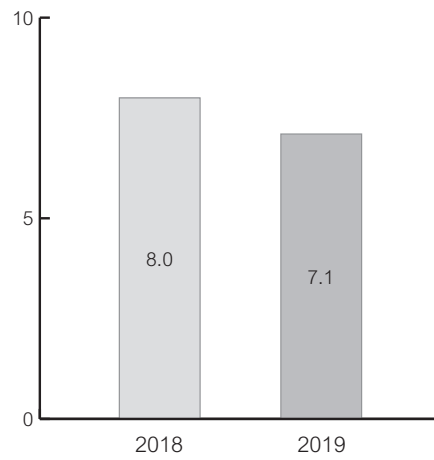
– **Reduced waste gas and greenhouse gas emission density**



From 2018 to 2019, DZUG's waste gas emission density dropped from about 19.9 tons/RMB100 million to about 16.0 tons/RMB100 million, or 19.4% on year. During the same period, DZUG's greenhouse gas emission density declined from about 121,000 tons/RMB100 million to about 110,000 tons/RMB100 million, or 9.1% on year.

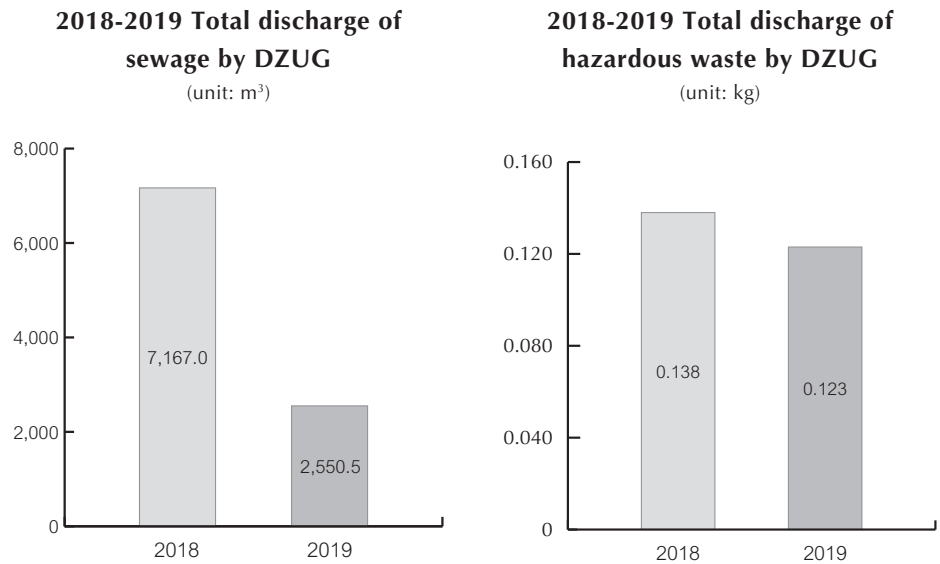
– **Reduced energy consumption density**

2018-2019 DZUG's energy consumption density
(Unit: TCE/RMB100 million)



From 2018 to 2019, DZUG's energy consumption density dropped from about 8.0 TCE/RMB100 million to about 7.1 TCE/RMB100 million, or 11.3% on year.

– **Lowered liquid and solid waste discharge**



From 2018 to 2019, the discharge of sewage and hazardous waste by DZUG dropped significantly, in which the total discharge of sewage fell from about 7,167.0 m³ in 2018 to about 2,550.5 m³ in 2019, down 64.4% on year, and the total discharge of hazardous waste fell from about 0.138 tons in 2018 to about 0.123 tons in 2019, down 10.9% on year.

Active investment in wastewater treatment sector, continuous growth of treatment volume

In addition to its efforts to reduce the adverse impact on the environment, DZUG proactively invested in the wastewater treatment sector, providing strong guarantee of the healthy life and water to the public.

During 2017 to 2019, the wastewater treatment volume of DZUG's wastewater treatment sector steadily increased, seeing the annual actual treatment capacity climb to c. 145 million tons in 2019, with a compound annual average growth rate of c. 4.6% for the three years. Meanwhile, benefiting from the sludge drying upgrade projects in Xuzhou and Jiading, the discharge of sludge dropped significantly while not affecting the growth of wastewater treatment capacity. During the three years, the compound annual average growth rate stood at c. -2.6% for the sludge discharge of the wastewater treatment sector.

Furthermore, Jiangsu Dazhong and Dazhong Jiading continued to invest in technology innovation and equipment upgrade, to realise more efficient sewage and sludge treatment.

- **Dazhong Jiading Sewage equipment upgrade:** In order to see better treatment efficiency and lower sludge discharge, in 2019 Dazhong Jiading invested RMB 2.2 million in the technology innovation and equipment upgrade, with a new emergency sludge deep dehydration system installed. The system's daily maximum treatment capacity reached c. 80 tons of sludge, lowering the water content below 60%. To some extent, the system helped with the insufficient production of sludge drying, and effectively improved the wastewater treatment capability and efficiency, meeting the latest wastewater treatment technology requirements.
- **Jiangsu Dazhong equipment upgrade:** In 2019 Jiangsu Dazhong invested RMB 38 million in the capacity enhancement project for the Peixian treatment factory, after which the daily treatment capacity was expected to rise by 5,000 tons, while tackling the compliant discharge problem under high concentration of NH₃-N, TN in the wastewater. Moreover, the deodorisation issue regarding the collecting basin, sludge drying room, pre-treatment unit etc., to further enhance the treatment capabilities and standards of Jiangsu Dazhong.

Continuous exploration of new energy vehicles

In 2018, Dazhong Taxi officially adopted electric cars, to launch its exploration of the use of electric vehicles. In 2019, in order to answer the municipal government's "Three-year Action Plan for Winning the Blue Sky Defence War", during the second CIIE in Shanghai, Dazhong Taxi put 147 new Ei5 pure-electric cars into operation, and all branches had made good preparations, e.g. vehicle usage training sessions for drivers, designated person-in-charges of the new energy cars, improved vehicle management rules etc. Meanwhile, in 2019 Dazhong Taxi saw hybrid cars maintained at 2,275, to have new energy vehicles proportion reach 30.7%. Ensuring stable growth of business, Dazhong Taxi strived to use cleaner energy to reduce its impact on the natural environment.

1.2.2 Social Responsibility Performance Overview

Social responsibility honours

Since the listing of the Company, with a good corporate image, in-depth practice of social responsibility, comprehensive corporate governance structure and sound information disclosure mechanism and internal management system, the Company has been selected as the constituents of the following indexes: Dow Jones China Index, “Shanghai and Shenzhen 300 Index” of Shanghai Stock Exchange, SSE 180 Index, SSE 180 Relative Growth Index, SSE 180 Relative Value Index, SSE Corporate Governance Index etc. During the recent years, the Company won the “Golden Bull Award for Top-100 Returns of Listed Companies” multiple times, ranked 2nd in “China’s Best Profitable Enterprises (Comprehensive)”, and was awarded “Top-10 Socially Responsible Listed Enterprises” and “Top-100 Shanghai-based Enterprises”. Moreover, the Company has also been elected as the executive director of the second board of directors of the China Association of Listed Companies (中國上市公司協會第二屆理事會常務理事單位); the vice president of the second session of the Council of Shanghai Listed Company Association (上海上市公司協會第二屆理事會副會長單位); the vice chairman of the sixth session of the Council of Shanghai Association of Stock System Enterprises (上海市股份公司聯合會第六屆理事會副理事長單位).

The following is a brief overview of the Company’s recent responsibility honours obtained in 2019:



On December 13, 2019, the “2019 Listed Companies Quality Development Forum” and “Golden Quality Awards” Ceremony, hosted by the Shanghai Securities News, were held at Shanghai Stock Exchange. The Board Chairman of DZUG and Dazhong Transportation, Mr. Yang Guoping, was honoured the “Golden Quality Enterprise Leadership Award”.



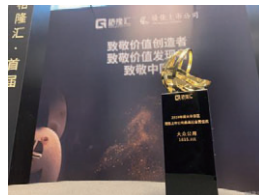
Upon the 70th Anniversary of PRC, the Board Chairman of DZUG, Mr. Yang Guoping, was awarded the “70th Anniversary of PRC Souvenir Medal” issued by the Central Party Committee, State Council and Central Military Commission.



On the 15th session of the listed companies' "Golden Round Table Awards", hosted by the Board of Directors magazine, DZUG won the "Board Value Creation Award", the Chairman Mr. Yang Guoping won the "Entrepreneur Spirit Award", the vice president and Board secretary Mr. Jin Bo was honoured the "First Session of Legendary Board Secretary", and the securities affairs representative Mr. Cao Jing was honoured the "Excellent Assistant to Board Secretary Award".



DZUG ranked 52nd in the "2019 Top-100 Shanghai Private Enterprises", 62nd in the "2019 Top-100 Shanghai Private Services Enterprises", and 35th in the "2019 Top-100 Shanghai Private Services Enterprises."



During the "Gelonghui-First Session of Greater China Best Listed Companies" selection, DZUG (1635.HK) won the "Most Socially-responsible Award for Hong Kong-listed Companies". The selection activity was the first A+H-shares joint selection in the Greater China area, with more than 5,000 listed companies participating.



During the Reporting Period, Dazhong Run was once again designated as the guarantee-party of the logistics and transport services for CIIE. Dazhong Run later received the Gratefulness Cup issued by the Foreign Affairs Office under the Shanghai Government, acknowledging its services provided and expressing gratefulness.

Social responsibility highlights

As of December 31, 2019, the highlights of DZUG's measures and events in assuming social responsibilities are as follows:

- **Dazhong Run proactively participated in the CIIE:** In 2019, Dazhong Run was once again designated as the guarantee-party for the logistics and transport of CIIE. Since October, Dazhong Run had been carefully preparing for the tasks. Based on the experience gains during the first session of CIIE in 2018, Dazhong Run soon formulated a detailed plan regarding the vehicle capacities, management coordination, staff arrangements, emergency measures etc. According to the plan, the three traffic hubs: Pudong International Airport, Hongqiao Airport and Hongqiao Railway Station, as well as all relevant hotels, were covered by different work teams with specific person-in-charges. Dazhong Run also established a special task force to deal with the guarantee of vehicle running, which raised higher standards on all cars that were organised to serve the CIIE. The special task force conducted various safety examinations and arranged for the relevant staff to attend multi-round of training sessions. Meanwhile, all service cars and staff were again in the unified marks and uniforms. In order to prevent all possible flaws, Dazhong Run adopted the strictest standards and the most concrete activities to ensure no issues would occur. During the CIIE, Dazhong Run dispatched 35 service cars and 170 plus employees to serve various delegations and business groups from France, Greece, Vietnam, Thailand, Uzbekistan, Slovakia etc. After the event, Dazhong Run received a Gratefulness Cup from the Foreign Affairs Office under the Shanghai Government, lifting the Dazhong brand image and industry position.

- **SEIS explored new traffic management models:** Using big data, cloud computing and mobile Internet, Shanghai Electronic Intelligent System Co., Ltd. (SEIS) self-developed a super intelligent agent for traffic, which could sense the traffic flow, guide the course, deal with parking violations and drunk driving etc. significantly improve the efficiency of public travelling and the traffic management by the police. SEIS also developed a taxi management system for holiday resorts, by which tourists could obtain the real-time taxi information to improve efficiency and experience. Moreover, SEIS built an intelligent “Shanghai Yan’an Road Bus Operation” system, to reduce the waiting time of passengers and creating great social benefits. Meanwhile, SEIS self-developed some electronic-police products to help the police catch traffic violations such as running the red light, running in the wrong lane, switching over more than one lane at a time, failing to follow the turning lights etc., providing local police with important clues and evidence. The high technology-based products may help improve traffic management efficiency, reduce the waiting time of residents, and spur green travelling.

Facing the coronavirus outbreak in early 2020, all subsidiaries under DZUG were well prepared to ensure normal operation as well as provide assistance to local anti-outbreak work, while protecting their employees.

- **City gas:** Shanghai Dazhong Gas and Nantong Dazhong Gas fought in the front line to guarantee the normal local supply of natural gas, help with the emergency needs of gas, and serve the public in the winter, while protecting themselves against the outbreak.
- **Wastewater treatment:** During the key anti-outbreak period, Dazhong Jiading and Jiangsu Dazhong were well prepared to organise business operation, ensure the running of the wastewater treatment systems as well as compliant water discharge, providing urban residents with safety in water usage.

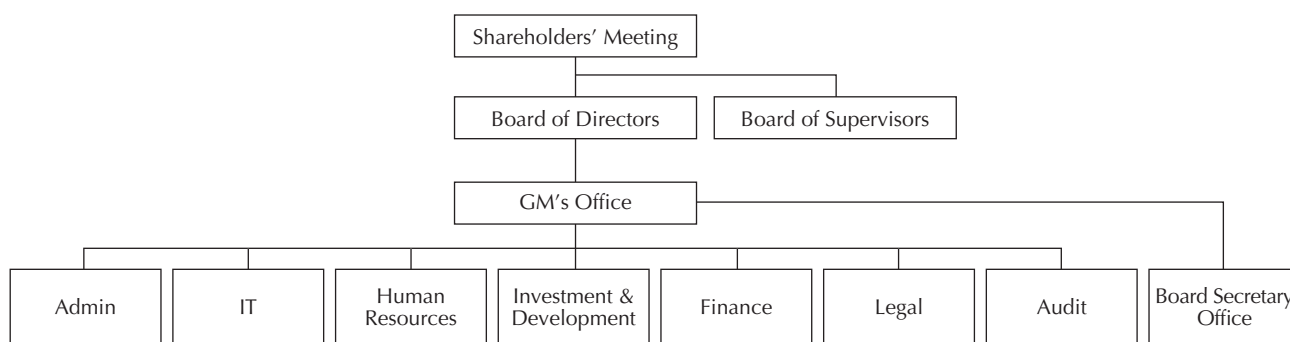
- **Urban transportation:** Dazhong Taxi provided medical supplies e.g. disinfectants and masks to taxi drivers, ensuring the health of both drivers and passengers. During the outbreak, Dazhong Taxi provided 10 street offices under the Changning Public Health Centre with vehicle services, to improve their efficiency. Furthermore, Dazhong Taxi discussed with the traffic management authorities of Hongqiao Airport to help transport late-arrival passengers during the Spring Festival Travel Season.
- **Infrastructure investment and operation:** Xiangyin Road Tunnel reinforced its protective measures during the outbreak, and followed the government's call to participate in the traffic examination, guarding the safety of the city.
- **Logistics and transport:** Before the Spring Festival, when knowing the outbreak expanded, the logistics company's management led the staff in cancelling their vacations, to ensure sufficient number of staff was on-duty during the festival. Meanwhile, disinfection stations were set up to provide cars with masks, thermometers and disinfection services, protecting the safety of customers and staff. From the starting of the festival to January 31, Dazhong Run transported and installed more than 16,135 LPG cylinders to Shanghai residents. In addition, Dazhong Run provided Shanghai's general traffic enforcement team with logistics services, transporting emergency supplies to all monitoring points, and offered charge-free transportation services to the local public benefit institutions, caring enterprises, and relevant medical institutions and traffic management authorities, assuming its social responsibilities.

1.3 Corporate Governance

1.3.1 Corporate Governance Framework

In accordance with the relevant laws and regulations of China, the resolutions of the shareholders'(general) meetings and the Articles of Association, the Company has clarified the establishment, staffing, duties and working procedures of the Board of Directors, the Supervisory Committee, the management, the various levels within the Company and other organisational systems in according with related requirements.

The organisational structure is as follows:



During the reporting period, the Company strictly followed the Company Law, the Securities Law, the Codes on Listed Companies' Governance, the appendix 14 Corporate Governance Codes of Hong Kong listing rules etc., which were issued by China Securities Regulatory Commission, Shanghai Stock Exchange, Hong Kong Stock Exchange and the Articles of Association of the Company, continued to improve the corporate governance structure and the level of the company's operation, by establishing and perfecting internal control system, continue to promote the standardization and programming management of companies to enhance the level of corporate governance. At present, the Company has established a corporate governance structure with clear rights and responsibilities, checks and balances and an effective internal control system, and operates in strict accordance with the law.

The Company's governance performance is as follows:

- (1) **Shareholders and General Meeting:** The Shareholders of the Company shall have the legal rights stipulated in the laws and regulations and the Articles of Association; in accordance with the relevant stipulations and requirements under the listing rules of the Shanghai Stock Exchange and the Articles of Association, the Company holds and convenes general meetings and ensures they, particularly minority shareholders, enjoy equal status and rights and assume corresponding obligations. During the reporting period, one annual general meeting, in compliance with the relevant requirements under the Company Law of the PRC and the Articles of Association, were held by the Company. The Company hired practising solicitors to attend general meeting to confirm and witness the convening procedures, resolutions and the identity of attendants, so as to ensure the resolutions were lawful and valid.
- (2) **Relations between the Controlling Shareholders and the Company:** The Company has a comprehensive and independent business and self-operation capability. The controlling shareholders of the Company has highly regulated themselves and exercised their rights as investors at the general meeting, and has not directly or indirectly interfered with the decision making and business activities of the Company beyond the general meeting. The Company is independent in respect of staff, assets, finance, organisation and business. The Board, supervisory committee and internal organisation are operated independently.
- (3) **Directors and the Board:** The Board adheres to a sustainable development strategy, proactively plans on the operational layout, and push forward the stable development of the Company's businesses via internal development and external cooperation. It consists of 13 Directors, and five of them are independent Directors. There are Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategic Development Committee under the Board. As the core of corporate governance, the Board plays an outstanding role in strategic decision-making, information disclosure, internal control and supervision, appointment and dismissal of staff, performance assessment etc., and carries out its work in compliance with all laws and regulations of CSRC and the relevant exchanges, effectively spurring the standardised operation and scientific decision-making of the Board. During the reporting period, 6 Board meetings, in compliance with the relevant requirements under the Company Law of the PRC and the Articles of Association, were held by the Company.

- (4) **Supervisors and the Board of Supervisors:** The Board of Supervisors consists of three Supervisors, and one of them is the employee Supervisor who is elected at the meeting of representatives of employees of the Company. The members of the Board of Supervisors earnestly perform their duties with the spirit of being responsible to all shareholders, supervise the legality of the Company's financial position and performance of Directors and senior management. During the reporting period, 6 Board of Supervisors meetings, in compliance with the relevant requirements under the Company Law of the PRC and the Articles of Association, were held by the Company.
- (5) **Information Disclosure and Transparency:** In accordance with the requirements of the "Administrative Measures for the Disclosure of Information of Listed Companies" and the "Management System for Information Disclosure", the secretary of the Board and the Board office of the Company are responsible for the disclosure of information and management of investor relationship. The Company strictly complies with the requirements of relevant laws and regulations at both listing places to fulfil the responsibilities of disclosure in a truthful, precise and complete manner, so as to ensure the timeliness and consistency of disclosure at both listing places.
- (6) **Investor Relationship and Stakeholders:** The Company emphasises the management of the investor relationship. Through investor hotlines, E-Interaction of the Shanghai Stock Exchange, reception of visits and onsite investigation by personal investors and institutional investors, it maintains communication with investors. During the reporting period, the Company held conferences in respect of the annual results and investor engagement in Hong Kong, and participated in the "2019 Shanghai-based Listed Companies' Collective Reception Day of Investors" to convey its confidence in the future sustainable development and the realisation of strategic planning goals directly to the investors, effectively helping investors know more about the Company and maintain the relationship between the two. Adhere to investors' interest as a priority, the Company gives thorough consideration to the legitimate rights and interests of customers, staff and other stakeholders from the perspective of system building and in each link of business operation, and ensures the development of the Company in a sustainable, harmonious, healthy and standard way, in order to achieve all-win results for the Company and all stakeholders, thus maximising the Company's profits and social benefits.

- (7) **Establishment of the Company's Governance System:** In 2019, the Company strictly followed the dual-listing regulations, continued to optimise its corporate governance structure, proactively improved its operation, and protected the Company and all shareholders' interest, via enhanced internal control, sustained corporate standardisation, and reinforced information disclosure. During the reporting period, pursuant to the Company Law, Guidelines on Listed Companies' Articles of Association (2018 revised version), and Detailed Implementation of Repurchase of Shares of Listed Companies under SSE, as well as considering the existing conditions, the Board proposed to consider and approve the "Resolution on the Amendments on the Articles of Association" at the general meeting, after which the relevant terms of the "Articles of Association" were revised.
- (8) **Registration and Management of People in Possession of Inside Information:** During the reporting period, the Company strictly implemented the relevant requirements of the "Administrative Measures for the Disclosure of Information of Listed Companies" and "System for the Registration and Management of People in Possession of Inside Information" for registration and management of people in possession and use of inside information to ensure the disclosure of information is lawful and fair. During the reporting period, no people possessing inside information traded the Company's shares in violation of the laws and regulations.

1.3.2 Overview of the Board of Directors

As of December 31, 2019, the tenth session of Board of Directors consisted of thirteen members, including five executive Directors, three non-executive Directors and five independent non-executive Directors. The directors shall be elected at the shareholders' meetings, with a term of three years, and shall choose to be re-elected upon expiry of their terms of office.

The key information of the Directors:

Name	Age	Gender	Position(s)	Responsibility
YANG Guoping	63	Male	Executive Director, Chairman of the Board and member of the nomination committee and remuneration and appraisal committee, and member of the Strategic Development Committee	Management of the Company and significant decision making
LIANG Jiawei	46	Male	Executive Director and Chief Executive Officer, and member of the Strategic Development Committee	In charge of the daily operations
YU Min	59	Female	Executive Director and Secretary of Party General Office	In charge of the administrative matters and human resources
ZHUANG Jianhao	58	Male	Executive Director and vice president	In charge of the gas sector
YANG Weibiao	50	Male	Executive Director and vice president	In charge of the environmental sector
CHAN Wing Kin	69	Male	Non-executive Director	Participating in decision making procedures, but not the day-to-day management
LI Songhua	59	Male	Non-executive Director (director designated by Shanghai Gas Group) and member of Strategic Development Committee	Participating in decision making procedures, but not the day-to-day management
CHEUNG Yip Sang	54	Male	Non-executive Director	Participating in decision making procedures, but not the day-to-day management

Name	Age	Gender	Position(s)	Responsibility
WANG Kaiguo	61	Male	Independent non-executive Director, chairman of the remuneration and appraisal committee	Advising on corporate governance, connected transactions, and remuneration of Directors and senior management, but not participating in the day-to-day management
YAO Cho Fai Andrew	54	Male	Independent non-executive Director, chairman of nomination committee, and member of remuneration and appraisal committee and audit committee	Advising on corporate governance, connected transactions, and remuneration of Directors and senior management, but not participating in the day-to-day management
CHOW Siu Lui	59	Male	Independent non-executive Director, member of audit committee	Advising on corporate governance, connected transactions, and remuneration of Directors and senior management, but not participating in the day-to-day management
WANG Hongxiang	64	Male	Independent non-executive Director, chairman of audit committee	Advising on corporate governance, connected transactions, and remuneration of Directors and senior management, but not participating in the day-to-day management
LIU Zhengdong	50	Male	Independent non-executive Director, member of nomination committee	Advising on corporate governance, connected transactions, and remuneration of Directors and senior management, but not participating in the day-to-day management

The Composition of Special Committees of the Board of Directors:



Responsibilities of the committees:

– Audit Committee

- Providing advice to the Board on the appointment, reappointment and dismissal of external accountants, reviewing the remuneration and terms of employment of external accountants and handling any questions relating to the resignation or dismissal of the accountants.
- Reviewing and checking whether the accounting firm is independent and objective and the audit procedure is valid, and assessing the impact of non-audit services provided by external accounting firms on their independence, and discussing and communicating on the audit scope, audit plan, audit method and major issues found in audit.
- Reviewing the Company's annual internal audit work plan, supervising the formulation and implementation of internal audit system; reviewing the internal audit work report, evaluating the results of internal audit work, and supervising the rectification of major problems; guiding the effective operation of internal audit department.
- Auditing the company's financial information and its disclosure, and commenting on the authenticity, completeness and accuracy of the financial reports; focusing on the major accounting and audit issues of the financial reports of listed companies, and paying special attention to the possibility of fraud, fraud and material misstatement related to financial reporting; supervising the rectification of financial reporting problems.
- Supervising and reviewing the integrity, rationality, appropriateness and effectiveness of the internal control system and system of the company and its controlling subsidiaries; evaluating the company's existing or potential risks and proposing suggestions to improve the company's risk management.
- Confirming the related parties of the Company, reporting to the Board of Directors and the Board of Supervisors, and reporting to the relevant staff of the Company the related party as confirmed.
- Other duties authorised by the Board of Directors.

- Remuneration and Appraisal Committee
 - Research directors, managers and other senior management’s assessment criteria, conduct assessment and establish a formal and transparent procedure to formulate compensation policies and make recommendations.
 - Studying and reviewing the remuneration policies and plans of directors, managers and other senior management, and supervising the implementation of the remuneration system.
 - Reviewing and approving executive remuneration recommendations based on the Company’s policies and objectives set out by the board.
 - Considering the remunerations paid by similar companies, and the relevant time of work and duties.
 - Assessing and approving compensations that shall be paid to executive directors and other members of senior management when necessary, to comply with the contract clauses; in case no agreement with the clauses is made, the compensation shall be fair and reasonable, not too much.
 - Ensuring that no director or any of their contacts are involved in determining his or her remuneration.
 - Other duties authorised by the Board of Directors.
- Nomination Committee
 - Studying the selection criteria and procedures of directors, managers and other senior management appointed by the Board of Directors and making recommendations
 - Searching for qualified candidates extensively.
 - Reviewing the candidates and making recommendations.
 - Making recommendations to the Board on the appointment or reappointment of directors and the succession plan of directors (especially the Board Chairman and managers).
 - Assessing the independence of independent non-executive directors.
 - Checking, at least annually, the structure, number and composition of the Board of Directors (including skills, knowledge and experience), and making recommendations on the changes made to the Board of Directors in response to the company’s strategy.
 - Other duties authorised by the Board of Directors.
- Strategic Development Committee

- Studying the Company's long-term development strategy planning and making recommendations.
- Tracking and supervising the Company's existing development strategy planning.
- Other duties authorised by the Board.

1.3.3 Overview of Relevant Stakeholders and Effectiveness of Communication

Overview of relevant stakeholders:

Relevant stakeholders	Expectations and requirements	Means of communication
Government	Compliance with laws and discipline, payment of taxes, optimisation of energy structure, safeguarding energy and traffic	Complying with laws and regulations, improving corporate governance, accepting supervisory review, reporting work regularly
Investors	Stable reporting of investment, open and transparent information, safeguarding shareholders' interest	Regular reporting of operating information, actively organising communication with investors, improving daily management
Customers	Providing excellent services	Setting up various communication channels to understand customers' needs
Partners	Maintaining good business dealings, fair and just management, mutual benefits	Carrying out strategic cooperation, establishing thorough management of bidding and procurement, regular holding of communication activities

Relevant stakeholders	Expectations and requirements	Means of communication
Employees	Competitive salaries and benefits, fair promotion and development, health and safety, good working environments	Establishing a sound system of employee management, proactively developing training activities, strengthening communication between employees through multi-channels, caring for employees who are in difficulty, holding employee activities
Community and the Public	Serving the community in development, safe operation of business	Standardising business management, strengthening interaction with the community
Public benefit agencies	Protecting the ecological environment, caring for vulnerable groups	Developing clean energy, strengthening promotional education of energy conservation awareness, actively organising public welfare activities

Investor relations management

Investor relations is one of the important tasks of standard development and compliance management of the Company. The Board of Directors of the Company has always paid great attention to investor relations management. The telephones, mails and visits from investors are patiently answered or treated within the permitted scope of information disclosure in daily work. The Company helps the investors to understand the status quo and development of the Company, to guide the investors to judge the value of the Company objectively, to avoid being misled by false information, to protect the vital interests of them, to listen to their comments and advice carefully in the meantime, forming a healthy interaction with them.

On September 26, 2019, DZUG participated in the “2019 Shanghai-based Listed Companies’ Collective Reception Day of Investors” activity themed “strengthened accountability, enhanced quality of listed companies”. The executive director, CEO of the Company Mr. Liang Jiawei, the vice president, secretary to the board Mr. Jin Bo and the vice financial officer



Mr. Jiang Yun communicated with investors on the topics of corporate development strategy, principal business development, overseas M&As, financing plans and sustainable development etc. via online communicating. More than 30 questions raised by investors were answered to see good interaction. 2019 is the fourth year that Shanghai-based listed companies collectively receive investors. Through the online communications with investors, the interactions between the Company and investors especially the retail investors were enhanced to show better transparency and corporate governance of the Company.

Customer Relations Management

DZUG strictly complies with the relevant policies and regulations of China to provide customers with healthy and safe service. The Company also strictly protects customers’ privacy in the course of service. In order to provide customers with the best quality service continuously, Dazhong Gas started the operation of an uninterrupted and 24-hour gas hotline 962777 to deal with any gas repair, service consultation, business applications, accounting inquiries, liquefied gas bottles delivery, accepted complaints and others. In 2019, the Company’s subsidiaries Shanghai Dazhong Gas and Nantong Dazhong Gas received a total of 161,078 cases of gas repair with on-site repair rate of 100% and success rate of 100%.

For urban transportation business sector, unlike many other platforms that provide car-hailing services through only mobile application but not telephone, in addition to the launch of mobile application, Dazhong Chuxing also retains the traditional customer service hotline 96822 to meet the needs of the elderly, people with disabilities, foreign tourists and other special groups. Once the passengers encounter problems while taking the cars, they can call the hotline to contact the platform and solve the problem as soon as possible.

2 Analysis of Enterprise Environmental Performance

2.1 Overview of Relevant Environmental Policies in Key Business Areas

Policies and Regulations	Date of issuance and Issuer	Main content
Directory of Classified Licences on Fixed Pollution Sources (2019 Version)	December 20, 2019, Ministry of Ecology and Environment	It is stipulated that 107 industries and 4 general working procedures are included in the pollutant discharging licence management. Meanwhile, other than those industries, if determined by the environmental authorities as key pollutant discharging entities, or the discharging volume has reached a certain amount, the licence management will also apply.
Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (Amended in 2018)	October 26, 2018, the Standing Committee of the National People's Congress	Protecting and improving the environment, preventing from and controlling air pollution, safeguarding public health, promoting the construction of ecological civilization, and promoting sustainable economic and social development.
Law of the People's Republic of China on Prevention and Control of Soil Pollution	August 31, 2018, the Standing Committee of National People's Congress	It is suggested that we should establish relevant legal systems and systems, strengthen environmental supervision of industrial and mining enterprises, cut off pollution sources and curb the expansion trend. We will implement graded and classified management of contaminated land, establish a technical system, and gradually promote risk control.

Policies and Regulations	Date of issuance and Issuer	Main content
Three-year Action Plan for Winning the Blue Sky Defense War	June 27, 2018, the State Council	It is proposed that after three years of efforts, the total emission of major atmospheric pollutants should be greatly reduced, and greenhouse gas emissions should be reduced in a coordinated way, PM2.5 concentration should be further significantly reduced, days of heavy pollution should be significantly reduced, environmental air quality should be significantly improved, and people's happiness of blue sky should be significantly enhanced.
Shanghai 2018-2020 Environmental Protection and Development Three-year Action Plan	March 29, 2018, Shanghai Municipal Government	In 2020, the ecological quality, ecological space and resource usage rate of Shanghai shall be significantly improved, the environmental risks shall be controlled, green production and living shall be enhanced, and the ecological governance and treatment capabilities shall be significantly improved.
National Plan on Environmental Improvements for The 13th Five-year Plan	April 10, 2017, Ministry of Ecology and Environment	The plan will promote about 900 environmental protection standards to be revised and release about 800 environmental standards, including about 100 quality standards and pollutant discharge (control) standards, about 400 environmental monitoring standard classes, basic environmental standards and about 300 regulation standards.

Policies and Regulations	Date of issuance and Issuer	Main content
Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (Amended in 2016)	November 7, 2016, the Standing Committee of National People's Congress	The People's Republic of China prevents and controls the solid waste pollution on the environment, and decreases the quantity generated and harm of solid waste. The fully and rationally use of solid waste and applying the principle of harmless disposal of the solid waste, promoting the development of clean production and recycling economy.
Air Pollutant Discharge Standards for Urban Wastewater Treatment Plants (DB31/982-2016)	March 28, 2016, Shanghai Environmental Protection Bureau and Shanghai Municipal Bureau of Quality and Technical Supervision	This standard specifies the relevant regulations including the emission limits of air pollutant from municipal wastewater treatment plant, monitoring and operation management, the requirements of monitoring and the implementation and supervision of the standards.
Law of the People's Republic of China on Environmental Protection (Amended in 2014)	April 24, 2014, the Standing Committee of National People's Congress	Protect and improve the environment, prevent pollution and other public hazards, safeguard public health, spur the ecological civilisation and sustainable development of economy.

2.2 Analysis of Emissions Related Indicators of the Company

2.2.1 Analysis of emissions related indicators of the Company

Total emission and density of waste gas

Regarding the waste gas and greenhouse gas emissions, DZUG follows the Law of PRC on Prevention and Control of Atmospheric Pollution, Atmospheric Pollution Discharging Standards for Urban Wastewater Treatment Plants etc., and strives to lower the environmental impact to a minimum level. Emissions from fossil fuel combustion by DZUG include NO_x, SO_x and PM. Most of the exhaust emissions come from the combustion of motor vehicle gasoline, diesel and liquefied petroleum gas in the urban transportation and logistics sectors. In 2019, the total waste gas discharging volume of DZUG stood at approximately 899.37 tons, down 8.5% on year.

The total and density of public emissions in 2019 are shown in the following table:

Type	Emission density	
	Total emission (ton)	(unit: ton/RMB 100 million)
(NO _x)	819.14	14.60
(SO _x)	1.72	0.03
(PM)	78.51	1.40
Total	899.37	16.03

Total greenhouse gas emissions and intensity

DZUG causes direct and indirect emissions of greenhouse gases due to the consumption of fossil fuels and the use of electricity. In 2019, DZUG emitted about 6.1807 million tons of carbon dioxide equivalent in total, and the emission density is 110,200 million tons of carbon dioxide equivalent/hundred million RMB. Among them, the direct greenhouse gas emissions caused by the burning of fossil fuels are about 5.2151 million tons of carbon dioxide equivalent, and the indirect greenhouse gas emissions caused by the use of electricity are about 965.60 thousand tons.

The total emissions of the Company calculated by each dimension in 2019 are shown in the following table:

Type	Direct emissions (unit: ton of CO2 equivalent)	Direct emission density (unit: ton of carbon dioxide equivalent/ RMB100 million)	Indirect emissions (unit: ton of carbon dioxide equivalent)	Indirect emission density (ton of carbon dioxide equivalent/ RMB100 million)
CO ₂	5,175,032.19	92,252.37	960,811.62	17,127.84
CH ₄	809.83	14.44	219.32	3.91
N ₂ O	39,240.18	699.51	4,562.18	81.33
Total	5,215,084.20	92,966.32	965,593.12	17,213.08

Total amount and density of hazardous and harmless wastes generated

Regarding the discharging of hazardous and harmless waste, DZUG follows the relevant laws and regulations, including the Law of PRC on Prevention and Control of Environmental Pollution by Solid Waste, Implementation Plan on Household Waste Classification. In 2019, the Company discharged a total amount of 2,550.50 cubic metres of waste water with a discharge density of 45.47 cubic metres/RMB100 million, a total amount of 61,778.81 tons of harmless solid waste with a disposal density of 11.01 tons/hundred RMB100 million, a total amount of 123.00 kg of hazardous solid waste with a disposal density of 2.19 kg/RMB100 million.

Each type of wastes disposed by the Company in 2019 are shown in the following table:

Type	Unit	Emission volume
Liquid waste		
wastewater	Cubic metre	2,550.50
Harmless solid waste		
Solid waste	Kg	320.00
Waste sludge	Ton	61,778.49
Harmful solid waste		
Waste oil ink cartridges	Kg	3.00
Waste daylight lamp tube	Kg	120.00

All liquid and solid wastes listed above shall be properly disposed in accordance with relevant national environmental protection policies and regulations. The sludge generated by Jiangsu Dazhong is sent to farms, building materials factories and power plants designated by the government as raw materials for making fertilizer, bricks and power generation, so as to realize the secondary recycling of sludge.

Measures Taken by the Company to Reduce Emissions and the Results

- Urban transportation sector further increased the proportion of new energy vehicle use

On the proportion perspective, more than 95% of DZUG's waste gas emissions came from the transportation sector in 2019. Therefore, the control of gasoline automobiles and the utilisation of new energy cars are vital to DZUG's emission reduction.

In 2019, about one-third of the more than 8,000 taxis owned by Dazhong Taxi were new energy vehicles (including LPG gasoline-electric hybrid vehicles and electric vehicles). As of December 31, 2019, the total number of new energy vehicles owned by Dazhong Taxi had reached 2,457. Among them, hybrid electric vehicles can effectively reduce the average fuel consumption and reduce the exhaust gas and greenhouse gas emissions under the same mileage. In addition, in response to the municipal government's Three-year Action Plan for Winning the Blue Sky Defense War, during the second CIIE in Shanghai, Dazhong Taxi put 147 new Ei5 pure-electricity cars into operation, and the relevant branches had been well prepared, e.g. training for drivers, special person-in-charge of the new energy cars, new management rules and standing books etc. Pure-electricity cars do not produce any waste gas and greenhouse gas, with almost zero noises, reducing noise pollution in the city. The introduction of new energy cars can not only help with the upgrade of traditional taxi industry, but the green urban transportation.

- Logistics and transport sector eliminated high-pollution vehicles

In 2019, Dazhong Run actively responded to the Three-year Action Plan for Winning the Blue Sky Defense War by eliminating the China-3-emission-standards diesel cars with relatively high exhaust.

- Jiangsu Dazhong implemented deodorisation project, reducing the emission of hazardous gas

In 2019, Jiangsu Dazhong implemented the deodorisation project on the phase-I and phase-II sections of Sanbahe Factory, reducing the emission of hazardous gas and improving the stability of operation.

Methods of disposal of hazardous and harmless wastes by the Company, measures and results of reduction of production

- Dazhong Jiading completed the emergency sludge deep-drying system installation, and standardised the disposal of hazardous waste

In 2019, Dazhong Jiading Sewage invested RMB2.2 million in technology innovation and upgrade, installing the emergency sludge deep-drying system, which saw a daily maximum capacity of about 80 tons of sludge with water content lower than 60%. The system, to some extent, eased the difficulties caused by insufficient sludge drying capacities.

In addition, Dazhong Jiading Sewage standardised the collection, storage and disposal procedures of harmful waste in 2019, set up management standing book with fixed storage location, and commissioned qualified institutions to handle such waste, avoiding the pollution caused to the surrounding environment.

- Jiangsu Dazhong continued to promote the transformation of subsidiaries and equipment replacement work

In 2019, Jiangsu Dazhong invested RMB38 million in the upgrade of Peixian Plant, after which the daily treatment capacity of Peixian Plant is expected to rise by 5,000 tons, with the compliant discharging and deodorisation issues on the collecting pool, sludge drying room etc. tackled, further enhancing Jiangsu Dazhong's treatment capabilities and treatment standards.

Meanwhile, in 2019, Jiangsu Dazhong replaced two rotary fine screens in Sanbahe Plant and Jiawang Plant with internal-inflow fine screens, significantly increasing the efficiency of trash holding, and ensuring the normal operation of subsequent equipment and compliant discharging of water.

2.3 Analysis of Consumption of the Company

2.3.1 The Main Energy Consumption Structure of the Company

On the energy consumption perspective, DZUG strived to follow the Three-year Action Plan for Winning the Blue Sky Defence War, the National Plan on Environmental Improvements for The 13th Five-year Plan Period to improve its energy usage efficiency. In 2019, the Company consumed about 113 million litres of gasoline, 3.3062 million litres of diesel and 3.7349 million cubic metres of liquefied gas. Meanwhile, each business consumes a total amount of about 1.228 billion kilowatt-hours of electricity and 7.2837 million tons of water.

The energy consumption of DZUG in 2019 is shown in the following table:

Type	Unit	Consumption volume
Gasoline	Litre	113,232,912.75
Diesel	Litre	3,306,244.17
Liquefied gas	Cubic Metre	3,734,907.00
Electric energy	Kilowatt-hour	1,227,921,351.99
Water	Ton	7,283,655.79

The energy consumption density of DZUG in 2019 is shown in the following table:

Type	Unit	Density
Gasoline	Litre/thousand RMB	20.19
Diesel	Litre/thousand RMB	0.59
Liquefied gas	Cubic metre/thousand RMB	0.67
Electric energy	Kilowatt-hour/thousand RMB	218.89
Water	Ton/thousand RMB	1.30

The energy consumption of DZUG in 2019 is equivalent to about 3.99 million tons of standard coal, of which about 76.41% comes from the urban transportation sector, about 23.59% from the waste water treatment sector, and the rest of the energy consumption comes from the logistics and transportation, city gas, infrastructure investment and operation and financial sectors.

2.3.2 Energy Efficiency Measures Implemented by the Company and the Results

- Nantong Dazhong Gas formulated energy management rules

In 2019, Nantong Dazhong Gas formulated the Energy Management Rules and Gas Building Energy Management Rules (Tentative Version), established the three levels of energy-saving management network, improved the energy-saving work accountability mechanism, and determined its annual energy consumption indicators.

- Jiading Sewage enhanced recycled water utilisation, and optimised its technological parameters

In 2019, Jiading Sewage utilised some of the recycled water to reduce the consumption of tap water. Furthermore, Jiading Sewage also optimised its technological parameters during the sludge treatment process, reducing the consumption of natural gas.

- Logistics and transport sector adopted strict management of gasoline consumption

In 2019, pertinent to the vehicle gasoline consumption issue, Dazhong Run adopted the “one car, one gasoline card” mechanism to spur drivers to form good driving habits and save energy.

2.3.3 Plans and Results for the Company to Obtain Suitable Water Source Methods, and Improve Water Efficiency

According to the relevant environmental protection policies and regulations of the state, DZUG has obtained the applicable water source, and there is no problem in obtaining the applicable water source.

In 2019, a total of 7.2810 million tons of water had been used by DZUG, and the energy consumption density is 1.30 tons/thousand RMB. The Company maintained a relatively stable level of water density and water efficiency while the business scale grew steadily, achieving water saving and efficient use.

2.3.4 Total Amount of Packaging Materials Used in Finished Products and the Quantity per Unit of Production

The main businesses of DZUG are urban gas, wastewater treatment, urban transportation, infrastructure investment and operation, logistics and transport, and financial investments, which do not produce finished products or involve packaging materials. Therefore, this item is not applicable to the Company.

2.4 Analysis of Environment and Natural Resources of the Company

DZUG conducts its business operation based on the national environmental protection policies and emission requirements, and carries out strict treatment of the generated emissions and pollutants. All emissions and pollutants produced have detailed testing and records, and meet the requirements in National Environmental Protection Laws and Regulations, causing no material influence on the environment and natural resources.

3 Analysis of Corporate Social Responsibility

3.1 Analysis of the Employment and Labour Status of the Company

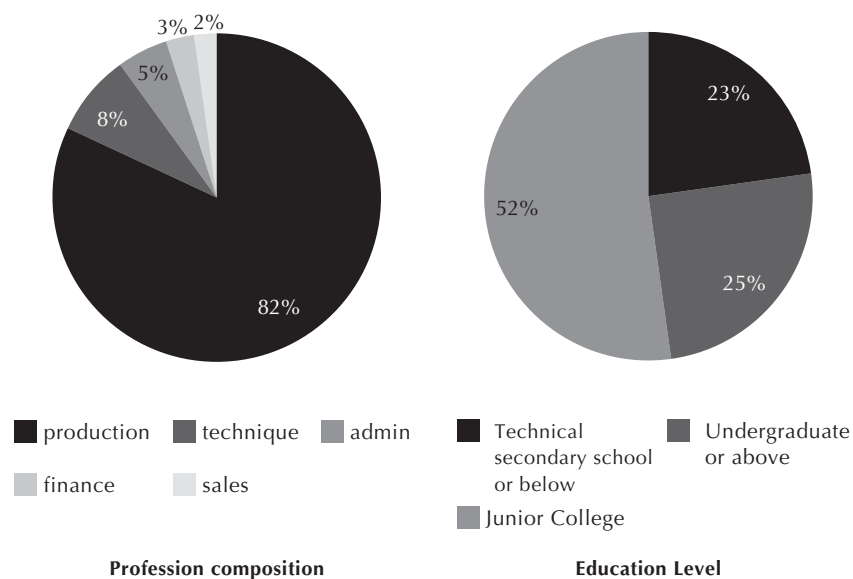
3.1.1 Overview of Employment Status and Labour Standards

DZUG and its subsidiaries are strictly in compliance with the various relevant national personnel laws and regulations and provide all employees with benefits they should enjoy. The Company has developed sound employment rules and regulations, and make clear provisions of the rights and obligations imposed on the employees in the employee handbook. The employee handbook stipulates that the working hour of employees per day is eight hours and the average working time per week is 40 hours. Meanwhile, the employees are entitled to any lawful benefit, remuneration and leave. During the recruitment, the Company adhered to the principle “open, fair and just” to take two-way choice, considered candidates on merit, avoided any discriminatory behaviour.

For the common development of the Company and the employees, each employee of DZUG and its subsidiaries has the opportunity to be trained and promoted. Based on the different stages of their development, the Company and its subsidiaries formulated corresponding training plans for all employees to have, including in-house training or external training. According to the Company’s competitive incentive mechanism, the employees can obtain the opportunity of promotion through the forms including self-recommendation and job competition, and completing comprehensive evaluation.

Employees in DZUG by Major Indicators

The proportion of Employees Employed in DZUG by Major Indicators in 2019



As at December 31, 2019, the total number of employees in DZUG and its major subsidiaries was 3,049¹.

By professional sectors, in 2019 the employees of DZUG and its subsidiaries were mostly production personnel, with a proportion of more than 80%, and the rest were technical, administrative, financial and sales personnel. By education levels, about 50% of the employees of DZUG and its subsidiaries were with the education level of technical secondary school or below, which was reflected the most in the logistics and transport segment. In addition, the employees with the education level of undergraduate or above rose moderately, showing that the overall education and quality background of DZUG's employees were climbing by year.

¹ The total number of 3,049 employees includes the number of employees of DZUG and the number of employees of the subsidiaries consolidated in the financial statements of the parent.

Employee Incentive Activities

The following are the main employee incentive activities held by DZUG and its major subsidiaries in 2019:

- City gas
 - **Shanghai Dazhong Gas employee care:** In 2019, Shanghai Dazhong Gas organised physical examinations for female employees, held health lectures, distributed labour protection supplies to employees, and organised activities for women's day.
 - **Nantong Dazhong Gas employee comforting:** Nantong Dazhong Gas provided 84 employees with subsidies during the year, provided 148 female employees with consolation bonuses on the Women's Day, and provided 7 critically-ill employees with subsidies every month. During the 2019 Spring Festival, the company issued various welfare bonuses to ordinary employees and the employees who would work overtime during the holidays.
- Wastewater treatment
 - **Dazhong Jiading publicly praised excellent staff:** In 2019, Dazhong Jiading Sewage selected the annual excellent staff and excellent team, recommended candidates of the Company's excellent staff to the Company, and gave the general assembly praise, commendation, travel arrangement and other awards to the staff with outstanding performance. In terms of welfare, Dazhong Jiading provided employees with annual physical examination, special security, labour protection measures and supplies, high temperature allowance and traditional holidays, Women's Day holidays and care.
 - **Jiangsu Dazhong formulated bonus policies for employees:** Jiangsu Dazhong set different incentive policies for employees of different positions and types of work. Jiangsu Dazhong rewarded the testing team for increasing the testing frequency, validity of testing data and accuracy of comparative testing.

– Urban transportation

- **Dazhong Transportation publicly praised excellent drivers:** Dazhong Taxi formulated a bonus mechanism for the drivers with no accidents during the whole year, encouraging them to drive safely. Meanwhile, Dazhong Taxi held incentive activities from time to time to provide winners with additional bonuses and welfare.
- **SEIS protected employees' health:** SEIS organised health counsel and physical tests for employees, to effectively tackle the health issues of employees as a result of working pressure and sitting for too long.



– Infrastructure investment and operation

- **Xiangyin Road Tunnel provided welfare:** In 2019, Xiangyin Road Tunnel provided a number of different kinds of benefits to employees, including organising employees' recuperation and vacation, organising employees to participate in physical examinations, and issuing summer and winter labour protection supplies, special labour protection supplies, general labour protection supplies and other benefits. Meanwhile, the leaders of DZUG led a team to comfort employees in the front line during the high-temperature period, sending heatstroke-preventing supplies to them.

– Logistics and transport

- **Dazhong Run publicly praised excellent employees:** In order to promote advanced and typical operation, further improve service quality and enhance Dazhong Run's brand image, in 2019 Dazhong Run publicly praised the employees who had been outstanding in terms of dedication to work, quality service, standardised scheduling, enthusiastic moving, safe driving, safe learning, vehicle maintenance, vehicle appearance, rental payment and compliance with rules and regulations.

3.1.2 Overview of Employees' Health and Safety Assurance

DZUG pays close attention to the health and safety of its employees, and strictly follows the Law of PRC on Occupational Disease Prevention, Rules of Workplace Hygiene Supervision, the Industrial and Commercial Insurance Ordinances etc., to forge a safe, healthy working environment with affinity.

In order to ensure safe production, the Company issued the Notice on Strengthening the Safe Production of the Group and its Subsidiaries (《關於加強集團公司及下屬各公司安全生產工作的通知》) and other relevant documents to require all business segments to take practical measures to ensure safe production, especially the safe production during New Year's Day, Chinese New Year and other holidays, which prevented the occurrence of safety accidents effectively. It also actively held safety work meetings to point out the respective focus of safety management of all major business segments. The Company and its operating subsidiaries signed the letter of responsibility for safety production of the year to establish a comprehensive safe production accountability mechanism. Such letter of responsibility provided the responsibilities and annual working target of safe production of all operating subsidiaries and specified the safe production duties to ensure a fully controllable safe production system of the Company.

The Company considered the person in charge of each major business segment as the first responsible person of safe production who shall be fully responsible for the safe production of the respective entity in accordance with the safe production principles of "the person in charge shall be responsible" and "production management shall encompass safety management". In addition to being compliant with the Safe Production Law, Fire Control Law, Labour Law and other regulations as well as promoting the implementation of regulations, systems and standards of the PRC, the Company and respective entity on safe production, the Company also inspected and supervised the performance of safety duties of the management and staff of relevant entities and conducted regular safety inspection so as to make timely rectification for the safety hazards identified and take corresponding measures to matters beyond control in a timely manner.

The Safe Production Management Regulations issued by the Company in October 2015 also provided clear requirements on the safety management system of the project contractors. All contractors and construction entities of all kinds of projects shall implement the project contracting safety management system set out in the above regulations. The Company conducts regular inspections on the qualification, safety and quality assessment of the contractors, requires the contractors to make written safety commitments and sign the Contracting Project Safety Agreement so as to ensure that the construction staffs receive safe production training and the special operating personnel possess safe operation certificates. The Company also frequently supervises the safety of the construction sites, rectifies the unsafe behaviours and provides safety re-education to the persons in breach of relevant rules. Upon the completion of construction, acceptance inspections shall be conducted on the quality and safety of the projects, and written assessment shall be issued for the projects.

Working Targets of Safe Production Responsibility Signed and Committed by the Company in 2019

1. The control indicator of workrelated fatal accidents of staff at the construction sites, property and office, operation premises and the respective entities shall be zero .	2. The number of material and significant accidents shall be zero .	4. The coverage of inspection on safe production shall reach 100% , and the staff training rate of safe production shall reach 100% .	5. The rectification rate of all major potential accidents shall be 100% .
	3. There shall be no production safety accidents at medium-high or higher level which have significant impact to the society.		6. Other safe production targets and tasks set by the departments at higher level shall be completed as scheduled .

Below is the safe production measures of DZUG's major subsidiaries in 2019:

– *City gas*

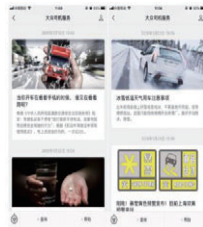
- Shanghai Dazhong Gas:** Shanghai Dazhong Gas paid close attention to safe production. Taking into account the features of different seasons and the safety work characteristics, the company timely conducted examination for safety flaws and the emergency drills. Using posters, online official accounts etc., the company also carried out publicity and various staff training sessions, to protect the safety of operation and improve staff's awareness of safety. Meanwhile, Shanghai Dazhong Gas won the "Shanghai Industry Civilised Worksite" honour due to no significant accidents throughout the year, reflecting its strong safety awareness and capabilities.
- Nantong Dazhong Gas:** The safety production of Nantong Dazhong Gas remained "Four No's" in 2019. There was no complaints or any safety accidents in the production and operation services. Nantong Dazhong Gas' environmental protection and comprehensive management met the assessment requirements of the competent government departments.



– *Wastewater treatment*

- **Dazhong Jiading Sewage:** In 2019, Dazhong Jiading Sewage standardised the collection, storage and disposal processes of harmful waste, established the management standing book, and commissioned qualified enterprises to handle the processes, improving the safety level of the working environment. Meanwhile, Dazhong Jiading Sewage carried out different types and aspects of safety education and publicity, and organised various emergency drills, to effectively enhance staff's safety awareness and capabilities to cope with crises.

– *Urban transportation*



- **Dazhong Taxi:** Dazhong Taxi has always attached importance to educating drivers about safe driving. In 2019, Dazhong Taxi, through Dazhong driver public service system in WeChat, published all kinds of safety guidelines to drivers, including safe driving in rainy and snowy days, drive with courtesy at night, safety driving in summer and safe driving specification during the period of CIIE. The safety training had effectively improved the drivers' integrated safety consciousness.

– *Infrastructure investment and operation*

- **Xiangyin Road Tunnel:** In 2019, Xiangyin Road Tunnel organised a safety inspection every week. Among the major types of safety hazards investigated, the fire foam pipes were inspected once a month, and the dual wavelength detectors were also inspected once a month. Meanwhile, Xiangyin Road Tunnel proactively participated in the monthly safety production activities, and organised employees to carry out safety education and fire-control training, with the participation rate and passing rate both reaching 100%.



3.1.3 Overview of Employees' Development and Training

In order to support the personal development of employees, all business segments of the Company organised or financed various kinds of “on-the-job training” or “external training” for the employees in accordance with relevant requirements:

– *City gas*

- **Shanghai Dazhong Gas:** In 2019, Shanghai Dazhong Gas carried out various on-job training, on-job training and safety training activities throughout the year, and arranged several months of mentoring training for new employees. Shanghai Dazhong Gas also conducted special emergency drills, examinations for safety flaws, and safety knowledge publicity, effectively improving the employees' practicing proficiency and safety awareness.
- **Nantong Dazhong Gas:** In 2019, Nantong Dazhong Gas organised more training classes of different themes during the whole year, including the “remembering original intention and mission” themed educating activity, the 510 honesty activity, the new employees training and emergency drills to



various accidents etc., with tens to several hundreds of people participating in a single activity. All kinds of training activities had effectively improved the technical strength and production safety awareness of employees in Nantong Dazhong Gas.

– *Wastewater treatment*

- **Dazhong Jiading Sewage:** In 2019, Dazhong Jiading Sewage organised multiple staff training sessions to cover the aspects of business and finance etc., including but not limited to sludge drying training, sludge deep-dewatering operation, financial statement analysis and KPI understanding etc. Meanwhile, Dazhong Jiading Sewage arranged staff to participate in the 2019 China Technique Contest – Shanghai Water Industry Professionalism Competition, ranking 2nd in the group class eventually. In addition, the company also arranged multiple rounds of safety training and emergency drills, boosting the practicing capabilities of technical workers and the management teams.



- **Jiangsu Dazhong:** In 2019, Jiangsu Dazhong organised 37 employee training sessions and emergency drills to cover extensive areas, including but not limited to technical operation and safety production, pollution source monitoring, legal case training, automation system training, emergency electric-shock rescue plan etc., with tens to several hundreds of people participating in a single activity. Through a series of business training and emergency drills, the staff of Jiangsu Dazhong saw improved business proficiency and practicing capabilities, paving the way for the personal development and corporate business needs.



– *Urban transportation*

- **Dazhong Taxi:** In 2019, Dazhong Taxi carried out regular on-job training every month throughout the year, with the three major themes of safety, vehicle and customer service. Every training session was for 4 classes, with more than 10,000 people participating on average every month.

– *Infrastructure investment and operation*

- **Xiangyin Road Tunnel:** In order to improve the emergency response ability of employees and ensure the operation of Xiangyin Road Tunnel and the safety of vehicles, Xiangyin Road Tunnel organised three training sessions and four emergency drills in 2019. A total of 78 people participated in the training, including the reporting of matters, the training on the disposal of flood and typhoon control, the training on the operations in icy and snowy days, and the training on rescue positions. The themes of the emergency drills included the tunnel main power loss emergency plan drill, flood and typhoon control emergency plan drill, anchored car and rollover accident emergency plan drill, etc. A total of 54 people participated in the emergency drills.



– *Logistics and transport*

- **Dazhong Run:** In 2019, Dazhong Run had a total of 13 organised training sessions, including 2019 new stipulations of traffic laws, LPG transport safety, operational standards, safety driving etc., and these training sessions helped employees to improve the consciousness of safe driving and safe shipping, and gained a good training effect.



3.1.4 Rules and Measures of Prevention of Child Labour or Forced Labour

The Company actively prevents child labour or forced labour during the business operation in accordance with the relevant requirements of the laws, e.g. the Law on Protection of Minors, the Rules on Forbidden Use of Child Labour, and adheres to the zero tolerance attitude to child labour and forced labour in any form. We also require the elimination of such issues in the assessment of suppliers.

3.2 Analysis of Current Status of Operation and Management

3.2.1 Overview of Supply Chain Management

The Company and its subsidiaries formed clear requirements on the selection and management of suppliers, actively responded to the Corporate Internal Control and its implementation guidelines issued by five ministries and commissions of the PRC central government as well as the focus points of the management, ensured the compliant management and appropriate selection of suppliers, and ensured the effective control of operational risks resulting from the inappropriate selection, unreasonable approach, malpractice or fraud of the suppliers. In addition, the standards of acceptance inspection for suppliers must be specific to ensure the compliant acceptance inspection procedures and elimination of abnormality in the acceptance inspection. For any abnormality identified in the acceptance inspection, the staff of general manager's office shall find out the reasons as soon as possible and handle the problems in a timely manner.

The Company has established a database of suppliers (including the suppliers with terminated cooperation). The name, address, contact information, scope of operation, length of cooperation with the Company and other relevant information of the suppliers are recorded in the database, and the Company sorts out the database regularly to ensure timely update of the information.

- *City gas:* Shanghai Dazhong Gas was strictly in accordance with the national standards and Shanghai Gas Group's procurement tendering requirements to implement product quality. There were 62 suppliers meeting the procurement standards in 2019. Nantong Dazhong Gas conducted the assessment and evaluation of suppliers to ensure that suppliers comply with national laws and regulations in terms of environmental and occupational health and safety. There were 64 suppliers met the procurement standards in 2019.
- *Wastewater treatment:*
 - **Dazhong Jiading Sewage:** the company was strictly in accordance with the Company's existing rules when selecting suppliers, which focused on industry qualifications, performance, prices and services, adopting the forms of tender invitation, internal discussion meetings to decide.
 - **Jiangsu Dazhong:** In the bidding process of all works of the Xuzhou-based wastewater plants, the effective qualifications of the suppliers were checked beforehand. The equipment supplier should have the qualifications for equipment production and supply, and the construction contractors should have the relevant construction qualifications. On top of that, the company's tender specialist team would grade the bidding letter of every bidder to choose the better ones, ensuring the good quality, low price, all-around qualifications of equipment and construction teams. When choosing equipment suppliers, the Equipment Tender Grading Table would be used to identify the best.
- *Infrastructure investment and operation:*
 - **Before Xiangyin Road Tunnel** accept any supplier, the management department would conduct detailed evaluation procedures on the environment, safety and other aspects of the supplier. In 2019, a total of 5 suppliers met the procurement standards of Xiangyin Road Tunnel.

3.2.2 Summary of Anti-corruption Measures of the Company

DZUG has been in strict compliance with relevant laws, regulations and policies, e.g. the Criminal Law of PRC, the Anti-money Laundering Law of PRC etc., to standardise the operating and procurement behaviours, and strive to prevent bribery, blackmailing, fraud, AML etc. The Company implements rotation mechanism for procurement posts for management on a regular or irregular basis. Procurement personnel shall sign the letter of commitment for integrity (or similar guarantees) to undertake to refuse any rebates or benefits from the suppliers during the procurement process, avoid actions in conflict with the interests of the Company and report to the Company for any conflict of interests in a timely manner. The letter of commitment for integrity provides specific provisions in respect of the punishment for procurement personnel in violation. For procurement of key large production equipment with relatively large sum of money, the Company will carry out the procurement in the form of public tender and determine the procurement price in a scientific and reasonable manner.

3.3 Overview of Community Investment of the Company

The labour unions of DZUG and its subsidiaries participated in a number of social activities such as supporting the education of students in poverty, caring for lone elderly, providing public convenience services, nurturing employees' social service awareness, boosting the Company's reputation in communities.

– **DZUG Group**

On November 5, 2019, the Party branch of DZUG applied to be the volunteers of traffic civilisation in the Tianlin community, contributing to the sound urban travelling environment and the voluntary service atmosphere. At the crossroads of Qinzhou Road and East Tianlin Road, volunteers held warning signs to help guide vehicles and pedestrians, and spread traffic safety knowledge to people.



On November 15, 2019, DZUG came to the "Liangyang School" in Tianlin Street, to comfort the intellectually-disabled people and mentally-disabled people. The Party members of DZUG, together with the students at the school, sang the classic song of "the Same Song", passing love and warmth to the students.



– *City gas*

- **Shanghai Dazhong Gas:** In order to improve customers' safety knowledge, lower the risks of social gas accidents, Shanghai Dazhong Gas held a "Summer Gas Safety Publicity" event in May of 2019 at the Mingqiang Second Primary School in Minhang of Shanghai. Dazhong Gas presented to the kids the composition of gas equipment, and the knowledge to safely use natural gas. Meanwhile, in order to serve the community, Shanghai Dazhong Gas volunteered to participate in the activities such as cleaning the park, visiting the nursing home, publicising safety in gas utilisation etc., contributing to the convenience of the community.



- **Nantong Dazhong Gas:** In 2019, Nantong Dazhong Gas participated in a number of community activities, set up the service points for public welfare activities, such as Xuetian park, Yuxiu Home, Hongqiao park, Xiangshu Bay and Nantong Chongchuan Primary School, and actively participated in community support activities, thus establishing a good corporate image among the citizens of Nantong.

– *Urban transportation*

- **Dazhong Taxi:** In 2019, Dazhong Taxi organised its employees to carry out volunteer and service activities, e.g. visiting lone elderly, seeking lost elderly, providing various community convenience service etc., and built a good relationship with the community, and established an excellent corporate image. Meanwhile, Dazhong Taxi also arranged drivers to give "fridge magnets of garbage sorting" to passengers, enhancing their consciousness of garbage sorting.





- **SEIS:** In 2019, SEIS, together with the Women's Federation of Caoyang Xincun Street, held the "love and dream" activity to help the people in difficulties and poverty, providing study-supporting money and articles to poor students for 20 consecutive years.

4 Future Plan of the Company

4.1 External Environment

4.1.1 *Risks and Future Opportunities from Environmental, Social and Governance Impacts*

Natural resources available for use by the enterprises will decrease in the future, which brings both challenges and opportunities for our corporate development. In recent years and in the foreseeable future, we have been thinking about how to create more economic and social benefits with limited resources. We continuously explore the use of new energy (especially green energy) in our business operation and how to optimize, integrate and use the resources in a highly efficient manner with the support of the latest information science and technology, thereby achieving sustainable development.

The awareness of environmental protection and sustainable development among the consumers will enhance continuously in the future, which means that the consumers will gradually expect the companies to assume their social responsibilities and make contribution to sustainable development of the society and the environment with their resources. In the future market, the companies' performance in sustainable development may directly or indirectly affect the buying decision of the consumers. In addition, the companies' commercial activities will be more closely linked with the neighbouring community, and the companies shall actively contribute to the community and assume their responsibilities for the development of community.

China's legal system is continuously developing, and more and more matured legal framework and laws and regulations will be launched, which poses new problems and brings growing opportunities to our corporate governance. As such, we will continuously improve our management system and actively respond to the opportunities and challenges in the future.

4.2 Strategic and Organisational Framework

4.2.1 *The Company's Core Competencies and the Manner in Which They Can Contribute to Sustainable Development*

Environment:

The transportation business under DZUG is one of the most important taxi operators in Shanghai, which possesses several thousands of vehicles and tens of thousands of drivers. In the future development, the Company will continuously explore the use of clean energy in taxi operation, further optimise the energy structure, reduce the use of traditional fossil energy and achieve low-carbon economy. In addition, we will continue to provide driving training in relation to energy saving and emission reduction to drivers in order to further reduce the carbon footprint. We believe that the continuous efforts of public transportation business in energy saving and emission reduction will bring positive effects to the sustainable development of vehicle leasing industry. With the launch of Dazhong Chuxing platform and its promotion in various cities, we believe that data and information technology has led the public transportation business into a new stage in energy saving, emission reduction and maximized use of resources. In recent years, we continuously improved our ability in environment business and optimised the wastewater treatment business. With the promulgation of the Directory of Classified Licences on Fixed Pollution Sources (2017 Version) in 2017, the government, regulatory authorities and the general public become more and more concern about the protection of water resources. In response to the increasing demand for wastewater treatment, we will continue to improve the wastewater treatment business in terms of technology and treatment volume.

Society:

As the leading public utility provider in Shanghai, our business is highly related to the daily life of consumers, which means our work is closely linked with the community. For community contribution in the future, we will continue to focus on strengthening the interaction with neighbouring communities, increasing the investment in community and encouraging our employees to participate in community services, understand the needs of consumers, provide the most quality services to the consumers and become part of the community. In addition, employees are the foundation for the continuous development of the Company, and we undertake to continue to create friendly and harmonious working environment for our employees. We will continue to reinforce safe production and the idea of "safety first", and protect the employees' entitlement to reasonable salary and benefits and provide a variety of training opportunities.

4.2.2 Future Development Strategy and Operation Plan of the Company

- (1) *Actively carry out effective investment projects, strengthen the Company's sustainable development momentum*

The reserve and expansion of public utility projects are the first priority in the Company's operation, the long-term and strategic tasks of DZUG in investment and operation of public utility sector, and also the driving factors for maintaining and improving the Company's core competitiveness and achieving sustainable development. DZUG will actively seek the opportunities of merger, acquisition and development of domestic and foreign quality projects in gas supply and environment industries, emphasis on increasing the Company's investment proportion in public utility business, and continuously improve the overall profitability of the Company's principal businesses. Meanwhile, it will also explore and facilitate the interaction between the Company's financial business and investment business to form a model of "investment and loan interaction", integrate and adopt various financing models to create new competitive strength, and promote the strategic innovation in the transformation and development of the Company's financial investment business.

- (2) *Establish a talent reserve system for the Company, carry out talent management based on demand*

Human resources are important for improving corporate competitiveness and gaining competitive strength. Currently, DZUG is entering the new phase of corporate development. With the gradual expansion of business and continuous enhancement of requirements for management and control, based on the three-year human resources plan of the Company, the Company will accelerate the recruitment and reserve of talents in operation, finance, investment and profession technology sectors needed by the Company to ensure that the demand for human resources will be satisfied in quantity and quality when and where needed. Meanwhile, the Company will further study and optimise the employee performance assessment and incentive mechanism, stimulate the initiative and creativity of employees, and continuously improve the overall competitiveness of the employees, departments and the Company in the market.

(3) *Strengthen the position of safety-related work, spur the development of safety culture*

The Company will continue to improve the dual mechanisms of safety risk classification and flaw identification governance, detail the control and management plans, formulate precise control measures, ensure every risk point is under control, and prevent the production accidents. Meanwhile, the Company will continue to enhance the emergency management work, improve the capabilities to handle all types of events, timely revise the emergency plans, develop emergency handling teams, reinforce the management of emergency supplies, to ensure the emergency management work is correctly implemented. In addition, the Company will continue to strictly follow the construction quality standards and management rules, take all safety measures, and conduct various safety knowledge publicity activities, to continuously push forward the development of safety culture, and strengthen the safety knowledge and self-prevention capabilities of all employees.

(4) *Strengthen the effectiveness of information-aided management, optimise and improve the centralised management and control system*

The Company will fully utilise the function of information-aided management, establish and optimise the information-based and centralised management platform for capital management and control, business management, human resources and support to decision making, continuously improve the Company's level of information-based and centralised management and control, and facilitate the achievement of transition from improving management efficiency to strengthening management effectiveness. The Company will also continuously strengthen its efforts in supervision of internal control and management, continuously optimise the Company's internal management system and procedures, and enhance the management effectiveness of the Company's OA platform.

5 Appendix

5.1 Terms and Abbreviations

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
HKEX	The Stock Exchange of Hong Kong Limited
DZUG, the Company, we	Shanghai Dazhong Public Utilities (Group) Co., Ltd.
Reporting Period/The Annual 2019	Accounting Period from January 1, 2019 to December 31, 2019
Board	The Board of Directors of the Company
Supervisory Committee	The Supervisory Committee of the Company
AGM	The Annual General Meeting of the Company
Articles of Association	The Article of Association of the Company
Shanghai Dazhong Gas	Shanghai Dazhong Gas Co., Ltd.
Nantong Dazhong Gas	Nantong Dazhong Gas Co., Ltd.
Dazhong Transportation	Dazhong Transportation (Group) Co., Ltd.
Dazhong Taxi	Dazhong Taxi & Car Leasing Company
Jiangsu Dazhong	Jiangsu Dazhong Water Group Co., Ltd.
Dazhong Jiading Sewage	Shanghai Dazhong Jiading Sewage Co., Ltd.
Xiangyin Road Tunnel	Shanghai Xiangyin Road Tunnel Construction and Development Co., Ltd.
Dazhong Run	Shanghai Dazhong Run Logistics Shares Co., Ltd.
SEIS	Shanghai Electronic Intelligence System Co., Ltd.
Shenzhen Capital Group	Shenzhen Capital Group Co., Ltd.
OA	Office Automation