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As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Annual Cap is higher than 0.1% and less than 5%, the transactions contemplated under the Materials Procurement Contract and the Annual Cap are subject to the reporting, annual review and announcement requirements, but are exempted from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 March 2023, Shanghai Dazhong Gas, a non wholly-owned subsidiary of the Company entered into the Materials Procurement Contract with Shanghai Gas Operation Service Company, pursuant to which, Shanghai Dazhong Gas will procure water heaters, gas appliances, range hoods, gas cookers, alarms and accessories, dishwashers, water purifiers and filters, clothes dryers, heating and cleaning services for heating from Shanghai Gas Operation Service Company, and Shanghai Dazhong Gas will pay the selling prices of the goods and service fees to Shanghai Gas Operation Service Company.

MATERIALS PROCUREMENT CONTRACT

The principal terms of the Materials Procurement Contract are summarized as follows:

Date:	30 March 2023
Parties:	Purchaser: Shanghai Dazhong Gas Co., Ltd., a non wholly-owned subsidiary of the Company Vendor: Shanghai Gas Operation Service Co., Ltd. (a connected person of the Company)
Transaction details:	The Vendor agreed to sell, and the Purchaser agreed to buy water heaters, gas appliances, range hoods, gas cookers, alarms and accessories, dishwashers, water purifiers and filters, clothes dryers, heating and cleaning services for heating.

Consideration:	The separately agreed unit price of water heaters, gas appliances, range hoods, gas cookers, alarms and accessories, dishwashers, water purifiers and filters, clothes dryers, etc, will be settled in accordance with the Materials Procurement Contract. The quantity of products will be settled based on the actual requirements of the Purchaser. Moreover, the heating and cleaning services for heating will be settled based on a certain percentage of sales amount of the Purchaser, respectively.
Payment method:	The Purchaser shall make the transaction payment in full on the thirtieth (30th) day after the delivered products from the Vendor having reached the delivery address or upon the passed acceptance of the received goods (whichever comes first) and within ninety (90) days after receipt of special VAT invoices for the products sales from the Vendor. The Purchaser shall transfer the transaction payment via the mutually agreed method to the designated bank account of the Vendor.
Effective:	The Materials Procurement Contract shall be effective upon execution. The effective period of the contract is from 1 January 2023 to 31 December 2023.

PRICING POLICIES

In selection of water heaters, gas appliances, range hoods, gas cookers, alarms and accessories, dishwashers, water purifiers and filters, clothes dryers, heating and cleaning services for heating, the Group will obtain quotations from Shanghai Gas Operation Service Company and at least two suppliers who are independent third parties. Also, the Company understands that Shanghai Gas Operation Service Company is a professional maintenance company possessing relevant product brands, and is promised to enjoy special prices on the relevant products sold and is responsible for aftersales services such as delivery, installation, repair, cleaning and maintenance, etc, within the regions of Shanghai, such that Shanghai Gas Operation Service Company can provide the Group with the relevant products and services which are sold at lower prices compared with the market selling prices. The prices and terms offered by Shanghai Gas Operation Service Company will be fair and reasonable, and are on normal commercial terms no less favourable than those offered by such independent third-party suppliers to the Group.

ANNUAL CAP AND DETERMINATION BASIS

The Company estimates that the proposed Annual Cap under the Materials Procurement Contract for the year ending 31 December 2023 is RMB12,000,000. In determining the Annual Cap under the Materials Procurement Contract, the Directors have taken into account the following factors: (1) the annual quantity of demand for such products from the Purchaser and (2) the market development plan of Shanghai Dazhong Gas.

HISTORICAL TRANSACTIONS AMOUNT

During the period from January 2023 to the date of this announcement, the historical

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INTERNAL CONTROL

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company has implemented or will implement the following internal control measures:

(1) The Company has formulated a series of internal control measures and policies to ensure that the continuing connected transactions will be carried out in accordance with the terms of each of continuing connected transaction agreements and the relevant pricing principles. The finance department of the Company will inform procurement department of the amount of the proposed Annual Cap of the continuing connected transactions and monitor from time to time if such Annual Cap is exceeded. The finance department will also approve the payment to be made to the Vendor to ensure that the payment terms are in line with the relevant continuing connected transaction agreements;

(2) The business planning executives will regularly compare with the price list of the Group to ensure the selling price paid to the Vendor is at least on the same bases and same rates for similar products purchased from independent third parties by the Group; and

(3) To monitor the transaction amounts of continuing connected transactions conducted with connected persons, such as the procurement department of the Company will seek advice from financial department and office of the Board on transaction limit before entering into individual agreements with connected persons, to ensure that better coordination and reporting arrangements of connected transactions will be carried out among various departments of the Company responsible for reporting, monitoring and handling connected transactions.

INFORMATION ABOUT THE PARTIES

Information about the Company

The principal business of the Company is the provision of public utility services. It also engages in strategic and financial investments in associated companies in public utility and other industries. Shanghai Dazhong Business Management Co., Ltd. * (上海大眾企業管理有限公司) is the single largest shareholder of the Company.

Information about the Purchaser

The Purchaser is a limited liability company incorporated in the PRC on 3 January 2001. The Purchaser is a non wholly-owned subsidiary of the Company, principally engaged in the business of gas, natural gas, gas meters, gas equipment appliances, gas kitchen equipments, gas distribution, planning, design and construction of gas projects, construction of municipal public construction projects and professional construction of pipeline construction projects. The Company and Shanghai Gas respectively held 50% of equity interests of the Purchaser. The ultimate beneficial owner of Shanghai Gas is the State-owned Assets Supervision and Administration Commission of Shanghai.

Information about the Vendor

The Vendor is a limited liability company incorporated in the PRC on 30 September 2022. The Vendor is principally engaged in the business of gas and gas appliances installation and repair. The Vendor is wholly owned by Shanghai Gas.The ultimate beneficial owner of Shanghai Gas is the State-owned Assets Supervision and Administration Commission of Shanghai.

LISTING RULES IMPLICATIONS

Shanghai Gas holds 50% of the equity interests in Shanghai Dazhong Gas and is a substantial shareholder of Shanghai Dazhong Gas. Accordingly, Shanghai Gas is connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Shanghai Gas Operation Service Company is wholly owned by Shanghai Gas. Therefore, Shanghai Gas Operation Service Company is a connected person of the Company by virtue of being an associate of Shanghai Gas, and the transactions contemplated under the Materials Procurement Contract constitutes continuing connected transactions of our Group.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Annual Cap is higher than 0.1% and less than 5%, the transactions contemplated under the Materials Procurement Contract and the Annual Cap are subject to the reporting, annual review and announcement requirements, but are exempted from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

"Annual Cap"	the annual cap as described under the section headed "ANNUAL CAP AND DETERMINATION BASIS"
"Board"	the board of Director(s)
"Company"	Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (上海大眾公用事業（集團）股份有限公司), a joint stock company with limited liability incorporated in the PRC on 1 January 1992, whose A shares and H shares have been listed on the Shanghai Stock Exchange since 4 March 1993 (stock code: 600635.SH) and the Main Board of the Stock Exchange since 5 December 2016 (stock code: 1635) respectively
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Materials Procurement Contract"	the materials procurement contract entered into between Shanghai Dazhong Gas and Shanghai Gas Operation Service Company on 30 March 2023
"percentage ratio"	has the meaning ascribed to it in the Listing Rules
"PRC"	The People's Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Purchaser"	Shanghai Dazhong Gas
"RMB"	Renminbi, the lawful currency of the PRC

"Shanghai Dazhong Gas"	Shanghai Dazhong Gas Co., Ltd.* (上海大眾燃氣有限公司) (formerly known as South Shanghai Gas Co., Ltd.* (上海燃氣市南銷售有限公司)), a limited liability company incorporated in the PRC on January 3, 2001, being the non wholly-owned subsidiary of the Company
"Shanghai Gas"	Shanghai Gas Co., Ltd.* (上海燃氣有限公司), a limited liability company incorporated in the PRC on December 27, 2018
"Shanghai Gas Operation Service Company"	Shanghai Gas Operation Service Co., Ltd.* (上海燃氣經營服務有限公司), a limited liability company incorporated in the PRC on 30 September 2022, being wholly owned by Shanghai Gas
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Vendor"	Shanghai Gas Operation Service Co., Ltd.

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

Shanghai, the PRC
30 March 2023

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

* *For identification purposes only*