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

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

Stock Code ■ ▲

**CONNECTED TRANSACTION
JOINT ARRANGEMENT**

Reference is made to the announcement dated 13 March 2017 of Shanghai Dazhong Public Utilities (Group) Co, Ltd.* (the “**Company**”) in relation to the subscription of interest in a fund (the “**Fund Announcement**”). Unless otherwise specified, terms used in this announcement shall have the same meanings as defined in the Fund Announcement.

JOINT ARRANGEMENT

On 14 July 2017, the Company and Shanghai Dazhong Business Management entered into a transfer agreement (the “**Transfer Agreement**”), pursuant to which the Company agreed to transfer its capital commitment of RMB300 million (equivalent to approximately HK\$345.6 million) (the “**Target**”) to Shanghai Dazhong Business Management at nil consideration.

On 14 July 2017, the Company and Shanghai Dazhong Business Management entered into a supplemental agreement to the Transfer Agreement (the “**Supplemental Transfer Agreement**”), pursuant to which the Company agreed to enjoy profits and bear losses incurred by the projects prior to the Completion (the “**Initial Projects**”) in proportion to its Initial Paid-up Contribution. Shanghai Dazhong Business Management does not have any interests in the Initial Projects. The Company and Shanghai Dazhong Business Management further agreed to enjoy profits and bear losses incurred by the projects after the Completion in proportion to their respective paid-up contribution to the Fund.

Since (1) the consideration is nil, and (2) Shanghai Dazhong Business Management does not enjoy profits and bear losses incurred by the projects prior to the Completion, the transfer of capital commitment from the Company to Shanghai Dazhong Business Management is deemed to be a joint arrangement (the “**Joint Arrangement**”) by the Company and Shanghai Dazhong Business Management for the purpose of connected transaction analysis.

* For identification purposes only

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Dazhong Business Management is a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the entering into the Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules.

As all of the relevant percentage ratios in respect of the capital commitment to be provided by the Company for the Joint Arrangement exceed 0.1% but are less than 5%, the Transfer Agreement and Joint Arrangement deemed to be contemplated thereby constitute a connected transaction of the Company which is subject to the reporting and

Target

The Company agreed to transfer and Shanghai Dazhong Business Management agreed to acquire the Target, which constitutes approximately 18.072% of the total Interest in the Fund as of the date of the Transfer Agreement. Shanghai Dazhong Business Management will accept the assignment of all the Company's rights, benefits, responsibilities, liabilities, obligations, duties, burden and restrictions attached to the Target by virtue of and pursuant to the Limited Partnership Agreement, with effect from the date of the Transfer Agreement.

Consideration

Since the Company has not paid any capital contribution relating the Target that it subscribed to, it agreed to transfer the Target at nil consideration.

Effectiveness

Upon entering into of the Transfer Agreement, Shanghai Dazhong Business Management agrees to be bound by all the terms of the Limited Partnership Agreement in respect of the Interest.

PRINCIPAL TERMS OF THE SUPPLEMENTAL TRANSFER AGREEMENT

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

Date 14 July 2017

Parties the Company

 Shanghai Dazhong Business Management

Prior to the Joint Arrangement, the Company made a total paid-up contribution of RMB500 million (equivalent to approximately HK\$576 million) to the Fund with respect to the undertaking to make a capital contribution of RMB1,000 million (equivalent to approximately HK\$1,152 million). After Completion of the Joint Arrangement, the Company and Shanghai Dazhong Business Management agreed to further contribute RMB200 million (equivalent to approximately HK\$230.4 million) and RMB300 million

INFORMATION ON THE COMPANY

The principal business of the Company is the provision of public utility services in Shanghai. It also engages in strategic and financial investments in associated companies in public utility and other industries. The Company is the leading public utility service provider in Shanghai.

INFORMATION ON SHANGHAI DAZHONG BUSINESS MANAGEMENT

Shanghai Dazhong Business Management is mainly engaged in corporate management, investment management and investment consultancy.

INFORMATION ON THE FUND

The investment policy of the Fund focuses on strategic investments in equity and industrial merger and acquisition transactions, mezzanine investments, management buyouts, bridge financings, financial investments prior to backdoor listing, takeover bids and provision of cash options.

THE FINANCIAL INFORMATION OF THE FUND FOR THE LATEST YEAR AND LATEST PERIOD

The unaudited combined financial information of the Fund during the year ended 31 December 2016 and three months ended 31 March 2017 prepared in accordance with Chinese Accounting Standards for Business Enterprises is set out below:

	(Unit: RMB million)	
	December	March
	2016	2017
Total assets	0	830
Operating income	0	0
Net profit	0	0
Auditing status	Unaudited	Unaudited

REASONS FOR THE JOINT ARRANGEMENT

The Joint Arrangement is based on the strategic considerations of the Company, allowing both the Company and Shanghai Dazhong Business Management to take their respective advantages in investment projects, improving the efficiency of funds usage of the Company.

The transfer has been agreed by the Limited Partners of the Fund.

Mr. Yang Guoping and Mr. Liang Jiawei, who are Directors of the Company, are treated as having material interests in this Joint Arrangement, and thus have abstained from voting regarding the resolutions proposed for this Joint Arrangement by the Board of Directors. Save as disclosed above, none of the other Directors shall abstain from voting regarding the resolution of the Board of Directors due to having material interests in the Joint Arrangement.

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of the Company and its

As at the date of this announcement, the Board of Directors comprises Mr. A G Guoing, Mr. LIA G Jiaw i, Ms. U Min, Mr. HUA G Jianhao and Mr. A G W ibiao as executive Directors; Mr. HA Wing Kin, Mr. LI Songhua and Mr. HEU G i Sang as non-executive Directors; and Mr. WA G Kaiguo, Mr. A ho Fai Andr w, Mr. H W Siu Lui, Mr. WA G Hongxiang and Mr. LIU h ngdong as independent non-executive Directors.

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