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上海大眾公用事業(集團)股份有限公司

SHANGHAI DAZHONG PUBLIC UTILITIES (GROUP) CO., LTD.*
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1635)

**FOR THE ANNOUNCEMENT
OF PROFIT FORECAST IN RELATION TO CONNECTED TRANSACTIONS
FOR ACQUISITION OF EQUITY INTERESTS IN DAZHONG RUN**

Reference is made to the announcement of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Company”) dated 29 March 2018 in relation to the acquisition of 61.67% and 18.33% equity interests in Dazhong Run from Dazhong Business Management and Yiyang Landscaping, respectively (the “Acquisition”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

COMPLIANCE WITH THE HONG KONG LISTING RULES

As disclosed in the Announcement, Shanghai Zhonghua Assets Appraisal Company Limited* (上海眾華資產評估有限公司) has conducted the valuation of the equity interest in Dazhong Run which forms the basis for determining the consideration of the Transaction. As the valuation was prepared based on the income approach (the “Profit Forecast”) in respect of the valuation of the long-term equity investment in Dazhong Run, such valuation constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Hong Kong Listing Rules are applicable.

* For identification purpose only

PROFIT FORECAST IN RELATION TO THE VALUATION METHOD

Pursuant to the Valuation Report, details of the principal assumptions, including commercial assumptions, upon which the Profit Forecast of Dazhong Run is based are set out as follows:

Basic Assumptions

1. There is no material change in the relevant prevailing national laws and regulations and the national macro-economic conditions, the political, economic and social environment in which each party of the Transaction is located, and no material adverse impact caused by other unpredictable factors and force majeure.
2. The enterprise is assumed to operate on a going concern basis with reference to the actual conditions of the assets on the valuation date.
3. It is assumed that the owner is responsible for the operation of Dazhong Run and that the management of Dazhong Run is capable of performing its duties.
4. Unless otherwise specified, it is assumed that Dazhong Run fully complies with all relevant laws and regulations.
5. It is assumed that the accounting policies that Dazhong Run will adopt in the future and the accounting policies that are used in the preparation of the Valuation Report are relatively consistent in material aspects.
6. It is assumed that the scope, way and present direction of operations of Dazhong Run on the basis of the present method and standard of management will be consistent.
7. There is no material change in the interest rate, basis and rate of taxation and government charges.
8. There is no material adverse impact on the enterprise caused by other force majeure and unpredictable factors.

Supplementary Assumptions

1. All proofs and information provided by Dazhong Run to be valued, such as the business license, signed agreements and financial information, are true and valid.
2. The existing shareholders, senior management and core team of Dazhong Run shall continue serving Dazhong Run and do not hold any position in enterprises that directly compete with the business of Dazhong Run, and the individual acts of the operator of Dazhong Run which harm the operation of Dazhong Run have not been taken into consideration in predicting the future prospect of the enterprise.
3. The shareholders of Dazhong Run do not act against the interests of Dazhong Run, and the operating activities are conducted pursuant to the requirements of the articles of association and joint venture contract.
4. The changes in the levels of costs of the enterprise is consistent with the historical trend and do not vary significantly.
5. The contracts entered into by the enterprise in previous years and the current year are valid and have been implemented effectively.

Comments

In accordance with Rule 14.62(2) of the Hong Kong Listing Rules, the Company has engaged its reporting accountants, BDO Limited, to report on the calculations in which the Valuation Report was based.

BDO Limited has reported to the Directors that so far as the calculations are concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation Report. The discounted future cash flows do not involve the adoption of accounting policies.

The Directors have reviewed the assumptions based upon which the valuation of Dazhong Run was prepared by Shanghai Zhonghua Assets Appraisal Company Limited*. The Directors have also considered the report from BDO Limited. On the basis of the above, the Directors have confirmed that the valuation of the equity interest in Dazhong Run has been made after due and careful enquiry.

A report from BDO Limited dated 6 April 2018 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts' Statements

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
Shanghai Zhonghua Assets Appraisal Company Limited* (上海眾華資產評估有限公司)	an independent valuer to conduct the valuation of 100% equity interest in Dazhong Run as at 31 December 2017. It is established in the PRC to provide intermediary appraisal services.
BDO Limited	Certified Public Accountants

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of Shanghai Zhonghua Assets Appraisal Company Limited* and BDO Limited is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither Shanghai Zhonghua Assets Appraisal Company Limited* nor BDO Limited has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Shanghai Zhonghua Assets Appraisal Company Limited* and BDO Limited has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

By order of the Board of Directors
S H A N G H A I D A Z H O N G R U N P R O P E R T Y A S S E T S (G R O U P) C O M P A N Y L I M I T E D *
G U O P I N G
Chairman

Shanghai, the People's Republic of China

9 April 2018

As at the date of this announcement, the executive directors of the Company are Mr. YANG Guoping, Mr. LIANG Jiawei, Ms. YU Min, Mr. ZHUANG Jianhao and Mr. YANG Weibiao; the non-executive directors of the Company are Mr. CHAN Wing Kin, Mr. LI Songhua and Mr. CHEUNG Yip Sang; and the independent non-executive Directors of the Company are Mr. WANG Kaiguo, Mr. YAO Cho Fai Andrew, Mr. CHOW Siu Lui, Mr. WANG Hongxiang and Mr. LIU Zhengdong.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

R E S P O N S I B I L I T Y S T A T E M E N T

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical accuracy and compilation of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

C O N C L U S I O N

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

O T H E R M A T T E R S

Without qualifying our opinion, we draw your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which

香港聯合交易所有限公司 董事

6 April 2018

Listing Division, The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

Dear Sir/Madam,

Company Name: Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (the
“CASH”)
Stock Code: 1635
Title: Connected Transaction (“CASH”) in relation
to the Acquisition of Equity Interest in Shanghai Dazhong Run
Logistics Shares Co., Ltd.* (“DZR”)

Reference is made to the announcement of the Company dated 29 March 2018 titled “Acquisition of Equity Interest in Shanghai Dazhong Run Logistics Shares Co., Ltd.*”. The Directors of the Company noted that income approach was adopted for the valuation of equity interest in Dazhong Run in the Connected Transactions, which is deemed to be a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”). The board of Directors has reviewed the assumptions based upon which the valuation of Dazhong Run was prepared by Shanghai Zhonghua Assets Appraisal Company Limited* (“ZHA”). Pursuant to Rule 14.62 of the Hong Kong Listing Rules, the board of Directors has engaged BDO Limited, the reporting accountants of the Company, to review the calculations in which the Valuation Report was based in accordance with the relevant accounting standards. The board of Directors has considered the report from BDO Limited.

On the basis of the above, we confirm that the valuation of the equity interest in Dazhong Run