

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Dazhong Public Utilities (Group) Co., Ltd.*, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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“A Share(s)”

the domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company,

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Jiangsu Dazhong Water”	Jiangsu Dazhong Water Group Co., Ltd.* (江蘇大眾水務集團有限公司)
“Nantong Dazhong Gas”	Nantong Dazhong Gas Co., Ltd.* (南通大眾燃氣有限公司)
“PRC” or “China”	the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company, including A Shareholder(s) and H Shareholder(s)
“Suchuang Gas”	Suchuang Gas Corporation Limited* (蘇創燃氣股份有限公司) (Stock Code:1430.HK), a company listed on the Main Board of the Hong Kong Stock Exchange
“%”	percentage

* For information only.



上海大眾公用事業(集團)股份有限公司
Shanghai Dazhong Public Utilities (Group) Co., Ltd.*
(Stock Code: 1635)

Executive Director:
Mr. YANG Guoping (Chairman)
Mr. LIANG Jiawei (Executive Director)
Ms. YU Min
Mr. ZHUANG Jianhao
Mr. YANG Weibiao

Non-Executive Director:
Mr. CHAN Wing Kin
Mr. LI Songhua
Mr. CHEUNG Yip Sang

Independent Non-Executive Director:
Mr. WANG Kaiguo
Mr. YAO Cho Fai Andrew
Mr. CHOW Siu Lui
Mr. WANG Hongxiang
Mr. LIU Zhengdong

Registered Office:
518 Shangcheng Road
Pudong New Area
Shanghai
PRC

Principal Place of Business in Hong Kong:
Room 8204B, 82/F,
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Principal Place of Business in PRC:
8/F, Dazhong Building
1515 Zhongshan West Road
Shanghai
PRC

20 April 2018

To: Sir or Madam,

Dear Sir or Madam,

BOARD REPORT 2017
SUPERVISORY COMMITTEE REPORT 2017
FINAL FINANCIAL REPORT 2017 AND FINANCIAL BUDGET REPORT 2018
PROFIT DISTRIBUTION PROPOSAL 2017
ESTIMATED ONGOING ORDINARY RELATED PARTY TRANSACTIONS
BANK CREDIT FACILITIES APPLICATION
PROVISION OF GUARANTEE
IDLE FUND FOR ENTRUSTED FINANCING
RE-APPOINTMENT OF DOMESTIC AUDIT FIRM AND INTERNAL CONTROL AUDIT FIRM
RE-APPOINTMENT OF OVERSEAS AUDIT FIRM
REGISTRATION AND ISSUANCE OF COMMERCIAL PAPERS
REGISTRATION AND ISSUANCE OF MID-TERM NOTES
ADJUSTMENT OF INDEPENDENT DIRECTORS' ALLOWANCE
AND
AMENDMENTS ON THE ARTICLES OF ASSOCIATION AND
CHANGE ON INDUSTRIAL AND COMMERCIAL REGISTRATION

I. INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with information regarding certain ordinary resolutions and special resolutions to be proposed at the AGM relating to (including) the following matters to enable you to make informed decisions on whether to vote for or against the proposed resolutions at the AGM:

* For information only.

LETTER FROM THE BOARD

At the AGM, resolutions will be proposed to approve, among others:

- (1) Work report of the board of Directors of the Company for the year 2017 (the "Board Report 2017");
- (2) Work report of the board of supervisors of the Company for the year 2017 (the "Supervisory Committee Report 2017");
- (3) Final financial report for the year 2017 and the financial budget report for the year 2018 (the "Final Financial Report 2017 and Financial Budget Report 2018");
- (4) Profit distribution proposal of the Company for the year 2017 (the "Profit Distribution Proposal 2017");
- (5) Resolution on the estimated ongoing ordinary related party transactions of the Company for the year 2018 (the "Estimated Ongoing Ordinary Related Party Transactions");
- (6) Resolution on the application of bank credit facilities of the Company (the "Bank Credit Facilities Application");
- (7) Resolution on the proposal of the provision of guarantee for its controlled subsidiaries with respect to their external financing (the "Provision of Guarantee");
- (8) Resolution on the proposal for the Company and its subsidiaries to use idle funds for entrusted financing (the "Idle Fund For Entrusted Financing");
- (9) Resolution on the re-appointment of the domestic audit firm and internal control audit firm for the Company for the year 2018 (the "Re-appointment of Domestic Audit Firm and Internal Control Audit Firm");
- (10) Resolution on the re-appointment of the overseas audit firm for the Company for the year 2018 (the "Re-appointment of Overseas Audit Firm");
- (11) Resolution on the registration and issuance of super short-term commercial papers and short-term commercial papers (the "Registration and Issuance of Commercial Papers");
- (12) Resolution on the registration and issuance of mid-term notes (the "Registration and Issuance of Mid-term Notes");
- (13) Resolution on the adjustment of independent directors' allowance (the "Adjustment of Independent Directors' Allowance"); and
- (14) Resolution on the amendments on the articles of association of the Company and the change on industrial and commercial registration (the "Amendments on the Articles of Association and Change on Industrial and Commercial Registration");

LETTER FROM THE BOARD

Details of the Resolutions

(1) *B a R 2017*

An ordinary resolution will be proposed at the AGM to pass the work report of the board of Directors of the Company for the year 2017. Full text of the Board Report 2017 to be passed is set out in Appendix I to this circular.

(2) *S C R 2017*

An ordinary resolution will be proposed at the AGM to pass the work report of the board of supervisors of the Company for the year 2017. Full text of the Supervisory Committee Report 2017 to be passed is set out in Appendix II to this circular.

(3) *F a F a c a R 2017 a F a c a B R 2018*

An ordinary resolution will be proposed at the AGM to pass the final financial report of the Group for the year 2017 and the financial budget report for the year 2018. Full text of the Final Financial Report 2017 and Financial Budget Report 2018 to be passed is set out in Appendix III to this circular.

(4) *P D b P a 2017*

The net profit attributable to owners of the parent company of 2017 amounted to RMB474,133,000. The parent company's profit after tax amounted to RMB379,353,000. According to the Company Law and the Articles of Association, the Company's distribution plan is as follows:

Based on the net profit of the parent company in 2017, a 10% statutory reserve in the amount of RMB37,935,000 is provided, with the addition of the undistributed profit carried over from 2016 in the amount of RMB545,030,000, less the distributed amount of RMB177,146,000 in 2017, the total distributable profits amounted to RMB709,302,000. Based on the total share capital of 2,952,434,675 shares as at March 29, 2018, a proposed cash dividend of RMB0.6 (tax inclusive) for every 10 shares or a total profit of RMB177,146,000 will be distributed. The undistributed profit of RMB532,156,000 shall be outstanding for distribution next year.

The aforementioned distribution plan was considered and approved at the fifth meeting of the tenth session of the Board, to which the independent non-executive Directors have given their independent consent, and will be put forward for Shareholders' approval at the AGM as an ordinary resolution. If approved, the Company will further announce the arrangement for the distribution of the final dividend, including the record date for distribution of the dividend, the closure of the register of members and other relevant matters.

LETTER FROM THE BOARD

Pursuant to the Enterprise Income Tax Law of the People's Republic of China effective on January 1, 2008 and the relevant implementation rules, the Company has the obligation to withhold and pay the enterprise income tax at a rate of 10% of the final dividend for 2016 payable to the non-resident enterprise Shareholders. Any H Shares registered under the names of non-individual Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations and groups are deemed to be held by non-resident enterprise Shareholders. The Company will distribute the final dividend to such non-individual Shareholders after withholding the enterprise income tax at a rate of 10%.

According to Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation, the Company shall withhold and pay the individual income tax for dividend payable to the individual H Shareholders. The individual H Shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between mainland China and Hong Kong (Macau). If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. Should the individual H Shareholders be residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential treatment on their behalf in accordance with the Announcement on the issuance of the Administrative Measures on the Preferential Treatment Entitled by Non-resident Taxpayers under Tax Treaties (State Administration of Taxation [2015] No. 60) (《關於發佈 非居民納稅人享受稅收協定待遇管理辦法 的公告》(國家稅務總局公告2015年第60號)). Should the individual H Shareholders be residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In the case that the individual H Shareholders are residents of the countries having not entered into any tax agreement with China, or having an agreed dividend tax rate with China of 20% or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves. The Company assumes no liability whatsoever in respect of any request arising from any delay in, or inaccurate determination of, the status of the Shareholders, or any disputes over the mechanism of withholding and payment.

LETTER FROM THE BOARD

(5) *E a O r d i n a r y R e s o l u t i o n P a s s e d a t t h e A G M*

An ordinary resolution will be proposed at the AGM to pass the resolution on the estimated ongoing ordinary related party transactions of the Company for the year 2018, full text of which is set out in Appendix IV to this circular.

(6) *B a n k C r e d i t F a c i l i t i e s A p p l i c a t i o n*

An ordinary resolution will be proposed at the AGM to pass the resolution on the application of bank credit facilities of the Company, full text of which is set out in Appendix V to this circular.

(7) *P r o v i s i o n o f G u a r a n t e e*

An ordinary resolution will be proposed at the AGM to pass the resolution on the provision of guarantee for its controlled subsidiaries with respect to their external financing, full text of which is set out in Appendix VI to this circular.

(8) *I d l e F u n d s F o r E n t r u s t e d F i n a n c i n g*

An ordinary resolution will be proposed at the AGM to pass the resolution for the Group to use idle funds for entrusted financing, full text of which is set out in Appendix VII to this circular.

(9) *R e - a p p o i n t m e n t o f D o m e s t i c A u d i t F i r m a n d I n t e r n a l C o n t r o l A u d i t F i r m*

An ordinary resolution will be proposed at the AGM to pass the resolution on re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic audit firm and internal control audit firm for the Company for the year 2018, full text of which is set out in Appendix VIII to this circular.

(10) *R e - a p p o i n t m e n t o f O v e r s e a s A u d i t F i r m*

An ordinary resolution will be proposed at the AGM to pass the resolution on re-appointment of BDO Limited as the overseas audit firm for the Company for the year 2018, full text of which is set out in Appendix IX to this circular.

(11) *R e g i s t r a t i o n a n d I s s u a n c e o f S u p e r S h o r t - t e r m C o m m e r c i a l P a p e r s*

An ordinary resolution will be proposed at the AGM to pass the resolution on the registration and issuance of super short-term commercial papers and short-term commercial papers, full text of which is set out in Appendix X to this circular.

LETTER FROM THE BOARD

(12) Registration of Mid-term Notes

An ordinary resolution will be proposed at the AGM to pass the resolution on the registration and issuance of mid-term notes, full text of which is set out in Appendix XI to this circular.

(13) Adjustment of Independent Directors' Allowance

An ordinary resolution will be proposed at the AGM to pass the resolution on the adjustment of independent Directors' (independent non-executive Directors') allowance, full text of which is set out in Appendix XII to this circular.

(14) Amendments to the Articles of Association

In order to comply with the requirements of the reform of registration system, and on the ground that the H shares of the Company have been listed on the Hong Kong Stock Exchange, the corporate identity of the Company has been changed from a domestic company to a sino-foreign joint venture, and thus the description of the business scope has been changed. The resolution in relation to the amendments to the Articles of Association was considered and approved at the fifth meeting of the tenth session of the Board. A special resolution will be proposed at the AGM to pass the proposed amendments to the Articles of Association, full text of which is set out in Appendix XIII to this circular. Save for the proposed amendments to the Articles of Association set out in Appendix XIII, other provisions in the Articles of Association remain unchanged.

II. AGM

A notice convening the AGM to be held at 3/F, Dazhong Building, 1515 Zhongshan West Road, Shanghai, PRC on Thursday, 17 May 2018 at 2:00 p.m. was published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The reply slip and form of proxy for use at the AGM were also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

If you are eligible and intend to attend the AGM, please complete and return the reply slip in accordance with the instructions printed thereon on or before Friday, 27 April 2018. Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM if you so wish.

III. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders for H Shares to attend and vote at the aforesaid AGM, the register of members of the Company for H Shares will be closed from Tuesday, 17 April 2018 to Thursday, 17 May 2018, both days inclusive, during which no transfer of shares will be registered. Only Shareholders of the Company whose names appear on the register of members of the Company on Monday, 16 April 2018 or their proxies or duly authorised corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be

The major works of the Board for the year ended 31 December 2017 and the 2018 annual work plan report are as follows:

3. The special committees of the Board and independent Directors actively played their professional edges and earnestly performed their duties.

In 2017, in accordance with the provisions of the Articles of Association and the Rules of Procedure for the Audit Committee of the Board of Directors, the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors and the Rules of Procedure for the Nomination Committee of the Board of Directors, three special committees of the Board of the Company were able to earnestly perform their duties, played their professional edges and provided strong support for improving the scientific and forward-looking decision-making of the Board. During the Reporting Period, one meeting of the remuneration and appraisal committee, one meeting of the nomination committee and four meetings of the audit committee were successively held to review matters such as internal control, financial budget and final accounts, periodic reports, related transactions and performance-based remuneration of the Company. The operation of all special committees was in compliance with laws and regulations.

Independent Directors of the Company were able to perform the duties of independent Directors and provided opinions and recommendations on the resolutions proposed in accordance with the requirements of the Articles of Association and Rules for the Office of Independent Directors, aiming to strengthen the corporate governance of the Company, achieve scientific decisions, promote sound operations and safeguard the interests of the Company and its shareholders, in order to protect the interests of small and medium shareholders and stakeholders and facilitate the standardized operation of the Company.

4. Strengthened information disclosure and investor relations management.

In 2017, on the principle of strictly complying with the Securities Law, the Shanghai Stock Exchange Listing Rules, the Hong Kong Listing Rules and the relevant systems of the Company and strictly fulfilling the information disclosure obligations of listed companies, the Company completed 8 regular information disclosure obligations at the Shanghai and Hong Kong exchanges and on designated media and websites and completed 168 ad hoc announcement disclosures including acquisition of equity interests, related transactions, profit distribution and increase in shareholdings by controlling shareholders. We disclosed relevant information on the operating results, financial condition and major decisions of the Company in an accurate, timely and standardized manner.

As the department for the communication of the Board and investors, the Secretary to the Board's office, a permanent body of the Board, continued to strengthen the maintenance and management of investor relations and maintained smooth communication with small and medium shareholders and institutional investors through various channels including on-site, telephone and the Shanghai Stock Exchange E-interactive platform. During the Reporting Period, the Company participated in the "2017 Collective Reception Day for Listed Companies Investors in Shanghai" theme event jointly organized by the Listed Companies Association of Shanghai and SSE Infonet Ltd.. We communicated and discussed with investors on issues such as corporate governance, development strategies, operating conditions, financing plans and sustainable development, and established a good capital market image for the Company. Meanwhile, with an aim to serve investors, the Company actively coordinated internal resources and provided convenient services for shareholders to participate in general meetings and exercise voting rights. The Company was able to fully respect and safeguard the legitimate interests of the shareholders, customers, employees and other stakeholders of the Company from all aspects of system construction and business operation, and ensure the harmonious, healthy and standardized development of the Company, in order to achieve an all-win situation for the Company and all stakeholders and maximize the social benefits of the Company.

5. Optimized the main business of public utilities and speeded up the layout of industry chain of the main business.

In 2017, facing severe economic situation, the Board of the Company analyzed the situation and adopted the operating principle of "optimizing industrial structure, strengthening internal management, strictly controlling investment risks and advocating steady development", and improved operational capability and management standard and optimized our main business of public utilities on the basis of existing projects in accordance with the actual situation of the Company. Meanwhile, focusing on the development of main business, we sought a breakthrough on the improvement of industrial chain, explored the development of upstream and downstream industrial chain of the gas segment and sewage treatment segment, and pursued regional expansion.

II. MAJOR DAILY WORKS OF THE BOARD FOR 2017

(I) Board meetings and resolutions

In 2017, the Company held seven Board meetings, two general meetings and

3. The twenty-sixth meeting of the Ninth session of the Board was held on 27 April 2017 by means of communication voting. The meeting considered and approved the Full Text and Summary of 2017 First Quarterly Report of the Company.
4. The first meeting of the Tenth session of the Board of the Company was held on 25 May 2017 on-site. The meeting elected Mr. Yang Guoping as the Chairman of the Tenth session of the Board of the Company, appointed Mr. Liang Jiawei as the president of the Company, appointed Mr. Zhuang Jianhao and Mr. Yang Weibiao as vice presidents of the Company, appointed Mr. Jin Bo as vice president of the Company and the secretary to the Board, appointed Mr. Zhao Ruijun as the vice financial controller (presiding over the work) of the Company, appointed Mr. Cao Jing as the authorized representative of securities affairs of the Tenth session of the Board, elected the remuneration and appraisal committee, audit committee and nomination committee of the Tenth session of the Board, and considered and approved the Resolution on the Commencement of Sale-leaseback Finance Leasing Business of Holding subsidiary and Related Parties, Contingency Plan for Non-public Issuance of Exchangeable Corporate Bonds, Contingency Plan for Issuance of Domestic and Foreign Debt Financing Instruments and Resolution on the Convention of 2017 First Extraordinary General Meeting.
5. The second meeting of the Tenth session of the Board of the Company was held on 14 July 2017 by means of communication voting. The

(II) Implementation of resolutions of general meetings by the Board

During the Reporting Period, in strict accordance with the relevant provisions of laws and regulations and the Articles of Association, the Board of the Company earnestly fulfilled the responsibility of the convener of the general meeting, convened an annual general meeting and an extraordinary general meeting, and considered and approved or heard thirteen resolutions or reports, including the Work Report of the Board of Directors for the Year 2016, Work Report of the General Manager for the Year 2016, Final Financial Report for the Year 2016 and the Financial Budget Report for the Year 2017, Profit Distribution Plan for the Year 2016, Resolution on the 2017 Daily Related Transaction Budget of the Company, Resolution on the Application of Credit Facilities of the Company and the Provision of Guarantees for External Financing of Controlled Subsidiary by the Company, Election of Executive Directors of Tenth session of the Board of Directors of the Company, Election of Members of Tenth session of the Board of Supervisors of the Company, Resolution on the Re-appointment of the Domestic Audit Firm and Internal Control Audit Firm for the Company for the Year 2017, Resolution on the Appointment of the Overseas Audit Firm for the Company for the Year 2017, Resolution on the Amendments on the Articles of Association and Change on Industrial and Commercial Registration, Contingency Plan for Non-public Issuance of Exchangeable Corporate Bonds and Contingency Plan for Issuance of Domestic and Foreign Debt Financing Instruments. During the Reporting Period, the Board of the Company strictly implemented the resolutions considered and approved by the general meeting and fully implemented each resolution of meeting.

III. WORK DIRECTION OF THE BOARD FOR 2018

2018 is the first year for the full implementation of the spirit of the 19th National Congress of the Communist Party of China, and is a crucial year for the implementation of the 13th Five-Year Plan. The Board of the Company will fully assess the complexity and severity of the situation. In strict accordance with the provisions of laws and regulations and regulatory documents such as the Company Law, Securities Law, Guidelines for the Governance of Listed Companies, Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and Hong Kong Listing Rules, the Board of the Company will further improve the corporate governance structure of the Company and continuously promote the standardized operation and management of the Company to enhance the scientific decision-making and risk prevention capability of the Company, and will further strengthen the communication with investors to establish a good capital market image for the Company.

In 2018, the Company will focus on the following aspects:

1. Pay attention to the adjustment of industrial structure in the 13th Five-Year Plan of Shanghai and formulate development strategy of the Company for the next five years to steadily improve the operating results of the Company.

The period of 13th Five-Year Plan is the period for Shanghai to speed up the construction of the “five focus” of international economy, finance, trade, shipping and science and innovation, and a socialist modern international metropolis. In 2018, the Board of the Company will actively pay attention to the economic development model of the 13th Five-Year Plan of Shanghai, seize the opportunities arising from relevant policies such as adjustment and upgrade of industrial structure, and formulate development strategy for the next five years in various aspects of the Company such as industry positioning, investment layout, operation and management, team building and talents. With confidence, we will maintain the stability and growth of the operating results of the Company while overcoming challenges.

2. Adhere to “steady development and standardized operation” and strive to develop new point for profit growth.

The Board will further improve the relevant regulations and systems of the Company, promote the strict compliance of the Board of the Company and management, continuously optimize the governance structure of the Company, and strengthen scientific decision-making capabilities such as strategic development and significant investments and enhance the level of standardized operation leveraging on the role of special committees of the Board and the independent Directors, in order to provide basic assurance for the development of the Company and establish a more standardized and transparent operating system of listed company. Meanwhile, the Board of the Company will continue to adhere to the direction of sustainable development, integrate internal advantageous resources, actively explore the market, leverage on financing and management innovation, improve the capability of main business, actively explore new areas such as public services, resources and environment and environmental protection, strengthen industry coordination, and promote the sustainable and healthy development of the Company. Taken into consideration of the macroeconomic situation and the market environment, the Company will continue to maintain a healthy and steady development, focus in Shanghai while develop in the whole country and overseas, seize opportunities for the development of main business, actively seek expansion of industries, and continuously enhance the overall strength of the Company through comprehensively making efforts in gas reform, transport innovation and layout of investment.

3. Strengthen internal control system and improve level of governance.

In 2018, the Company will strengthen the internal control evaluation system, continue to improve the governance structure and system construction of the Company, and strengthen the internal control of the Company and prevent risks with the internal control requirements of the Company taken into consideration, in order to enable the operation of the Company to develop in the direction of standardization and systemization. The Company will also strive to create higher value for shareholders, promote sustainable and healthy development of the Company, adhere to the principle of managing enterprises according to the law, advance the process of internal management and control, constantly improve risk prevention mechanism, and ensure the healthy, stable and sustainable development of the Company.

4. Earnestly implement all work of the Board in accordance with regulatory requirements.

In 2018, the Company will continue to implement corporate information disclosure, investor relations management and director training, fully cooperate with regulatory authorities to carry out work, earnestly organize daily work such as implementation of resolutions of general meeting, conduct scientific and rational decision-making within the scope of authorization of the general meeting, conduct effective and timely inspection and supervision on the work of management, actively develop a good corporate spirit and internal control culture, fulfill corporate social responsibility, and enhance the brand influence of the Company.

The Work Report of the Board of Supervisors of the Company for the year ended 31 December 2017 is as follows:

In 2017, in accordance with relevant rules and regulations such as the Company Law, Articles of Association, Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rules of Procedure for the Board of Supervisors, with an aim to be responsible to all shareholders, all members of the Board of Supervisors of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Company”) actively discussed and reviewed the major decision-making matters and important economic activities of the Company, effectively supervised the performance of duties of the Company by the Directors and management, and actively safeguarded the interests of all shareholders. The report on the works of the board of supervisors for 2017 is as follows:

I. OPERATION OF THE COMPANY ACCORDING TO LAW

In 2017, in strict accordance with the relevant provisions of laws and regulations such as the Company Law and the Articles of Association, the Board of Supervisors of the Company earnestly fulfilled its duties, actively attended Board meetings and general meetings, and strictly supervised the operation and decision-making procedures of the Company according to law.

The Board of Supervisors believes that, during the Reporting Period, in accordance with the provisions of relevant state laws and regulations and the Articles of Association, the Company has established a sound internal management and internal control mechanism with lawful and effective major business decision-making procedures and regulated operation. The decision-making procedures for the convening, holding, submitting proposal and voting of the Board and general meeting of the Company were in compliance with the relevant provisions. The Board was able to earnestly fulfill its information disclosure obligations, with timely, regulated, true, accurate and complete information disclosures free from false information, serious misleading statements or major omissions, and no disclosure of inside information occurred. In order to achieve sustainable and healthy development of the Company and maximize the interests of its shareholders, the Directors, general manager and other senior management officers of the Company diligently performed their duties with devotion. During the performance of duties, no violation of the provisions of laws and regulations and the Articles of Association or actions that were detrimental to the interests of the Company and its shareholders has occurred.

II. SUPERVISION ON FINANCIAL ACTIVITIES

In 2017, with an aim to be responsible to all Shareholders, the Board of Supervisors supervised and inspected the financial condition of the Company, and carefully reviewed the quarterly, interim and annual financial reports submitted by the Board. The Board of Supervisors considers that the financial management system of the Company is well-regulated and comprehensive, and the financial reports of the Company for each period have reflected the financial condition and operating results of the Company in an

objective and true manner. The content and format of the reports have been in compliance with all provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange, and free from false information, serious misleading statements or major omissions. No violation of confidentiality provisions by those involved in the preparation and review of periodic reports has been found.

BDO China Shu Lun Pan Certified Public Accountants LLP issued standard unqualified audit reports on the 2017 financial statements of the Company, and

5. The third meeting of the Tenth session of the Board of Supervisors was held on 29 August 2017 on site. The meeting considered and approved the Operational Work Report of the Company for the First Half of 2017 and Work Plan for the Second Half of the Year, Full Text and Summary of 2017 Interim Report of the Company and Resolution on Changes in Accounting Policy.
6. The fourth meeting of the Tenth session of the Board of Supervisors was held on 30 October 2017 by means of communication voting. The meeting considered and approved the Full Text and Summary of 2017 Third Quarterly Report of the Company.

IV. INDEPENDENT OPINION OF THE BOARD OF SUPERVISORS ON THE RELEVANT MATTERS OF THE COMPANY FOR THE YEAR 2017

During the Reporting Period, in strict compliance with the provisions of the Company Law, Securities Law and other laws, regulations and rules and the Articles of Association and Rules of Procedure for the Board of Supervisors, with an aim to earnestly safeguard the interests of the Company and small and medium Shareholders, the Board of Supervisors

6. Internal control of the Company

The Board of Supervisors reviewed the 2017 internal control evaluation report of the Company in a diligent and prudent manner, and had no objection to the self-evaluation report of the Board, and carefully reviewed the internal control audit report issued by the auditor. The Board of Supervisors considered that, during the Reporting Period, in accordance with the Guidelines for Internal Control of Listed Companies of the Shanghai Stock Exchange and other laws and regulations, and taken into consideration of the actual business management requirements, the Company established a relatively comprehensive and reasonable internal control system, which was effectively implemented. The establishment and effective implementation of the internal control system ensured the orderly and efficient commencement of various business activities of the Company, satisfactorily prevented and controlled risks, assured the safety and integrity of the assets of the Company, and safeguarded the interests of the Company and all shareholders. The corporate governance, operational management, financial management, information disclosure and major issues of the Company were all strictly implemented in accordance with various internal control systems, which ensured the orderly commencement of all businesses of the Company and enhanced the business management and prevention and control capability of business risks of the Company.

7. Appointment of domestic and overseas accounting firms

In 2016, the Company's H-shares were successfully listed and traded in Hong Kong. Therefore, in 2017, the Company appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic audit firm for the Company, and appointed BDO Limited as the overseas audit firm for the Company. The standard unqualified auditor's reports issued by the two audit firms are objective and fair, and the financial reports of the Company have reflected the financial condition and operating results of the Company in a true manner.

8. Appointment of internal control audit firm for the Company for the year 2017

As reviewed, BDO China Shu Lun Pan Certified Public Accountants LLP holds audit qualification for securities and futures-related businesses. It currently provides financial audit services for the Company, and understands the operating status and financial condition of the Company, and thus is able to perform audit on the internal control of the Company. The Board of Supervisors agreed to appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the internal control audit firm for the Company for the year 2017.

9. Implementation of resolutions of general meetings

During the Reporting Period, the Board of Supervisors of the Company supervised the implementation of resolutions of general meetings. The Board of Supervisors considered that the Board of the Company is able to earnestly perform the relevant resolutions of general meetings.

10. Information disclosure of the Company

During the Reporting Period, the Board of Supervisors continuously supervised the internal approval procedures of information disclosure of the Company. The Board of Supervisors considered that the Company has attached great importance to the standardization of information disclosure. In strict accordance with the regulatory provisions of China and Hong Kong and the requirements of the Articles of Association, Administrative Measure on Information Disclosure (《信息披露管理辦法》) and Insider Registration Management and Confidentiality System on Inside Information (《內幕信息知情人登記管理及保密制度》), the Company fully considered the information requirements of Shareholders and investors, ensured that the disclosure of information

In 2018, the Board of Supervisors will continue to strictly implement the relevant provisions of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association, strengthen its understanding on new policies, new regulations and new systems promulgated by securities regulatory authorities, further improve its capability and level of performance of duties, and safeguard the interests of stakeholders such as Shareholders, the Company and employees. The Board of Supervisors will continue to give full play to the professional knowledge and capabilities of all supervisors, actively pay attention to the development and business condition of the Company, and cooperate with and support the Board and management of the Company to carry out work, in order to promote better and faster development of the Company while operating stably. The Board of Supervisors will further enhance and improve its work mechanism and supervision and inspection system, intensify the supervision for the period, reinforce the focus of supervision, strengthen the use of supervision and inspection results, and continuously improve the timeliness, effectiveness and scientificness of the supervision and inspection of the Board of Supervisors, in order to safeguard the interests of stakeholders such as shareholders, the Company and employees.

2017 was an important year for the Company to implement the 13th Five-Year Plan, in which the Company faced both opportunities and challenges. Facing challenges and pressures, under the leadership of the Board of the Company, the management of the Company led all employees to work together, and the overall operating condition was stable. The final financial report for the year 2017 and the financial budget report for the year 2018 of the Company are as follows:

I. KEY FINANCIAL INDICATORS FOR 2017

(Prepared in accordance with the 2017 final consolidated financial statement of the Company)

Indicator	Unit	2017	2016	Changes (%)
Total revenue	<i>RMB0,000</i>	470,014	453,468	3.65
Total profit	<i>RMB0,000</i>	62,734	68,051	-7.81
Net profit	<i>RMB0,000</i>	55,550	63,381	-12.36
Net profit attributable to owners of the parent company	<i>RMB0,000</i>	47,413	54,764	-13.42
Weighted average return on net assets	%	6.56	9.47	Decreased by 2.91 percentage points
Net assets per share	<i>RMB</i>	2.45	2.35	4.26
Earnings per share	<i>RMB</i>	0.16	0.22	-27.27
Net cash flows from operating activities per share	<i>RMB</i>	0.17	0.24	-29.17

II. FINANCIAL CONDITION OF THE COMPANY IN 2017

1. Asset structure of the Company

As of 31 December 2017, total assets of the Company amounted to RMB20,744 million, representing an increase of RMB3,389 million as compared with RMB17,355 million at the beginning of the year. Among the total assets of the Company, current assets amounted to RMB7,019 million, representing an increase of RMB2,226 million as compared with RMB4,793 million at the beginning of the year, in which currency capital increased by RMB1,714 million, financial assets at fair value through profit or loss decreased by RMB53 million, trade receivables increased by RMB6 million, other receivables increased by RMB275 million, inventories decreased by RMB3 million, non-current assets due within one year increased by RMB215 million and other current assets increased by RMB57 million as compared with that at the beginning of the year. Current assets accounted for 33.84% of total assets, representing an increase of 6.22 percentage points as compared with 27.62% at the beginning of the year. Non-current assets amounted to RMB13,725 million, representing an increase of RMB1,162 million as compared with RMB12,563 million at the beginning of the year, in which available for sale financial assets increased by RMB101 million, long-term receivables decreased by RMB237 million, long-term equity investments increased by RMB817 million, fixed assets increased by RMB86 million, construction in progress increased by RMB247 million and intangible assets increased by RMB225 million as compared with that at the beginning of the year. Non-current assets accounted for 66.16% of total assets, representing a decrease of 6.22 percentage points as compared with 72.38% at the beginning of the year.

In the industry distribution of long-term investment of RMB7,824 million of the parent in 2017, transportation industry amounted to RMB1,891 million, accounted for 24.17% of total investments of the Company; gas, municipal and environmental industry assets amounted to RMB1,193 million, accounted for 15.25% of total investments of the Company; financial investment amounted to RMB4,008 million, accounted for 51.23% of total investments of the Company; other investments amounted to RMB732 million, accounted for 9.35% of total investments of the Company.

2. Assets and liabilities and solvency

As of 31 December 2017, total liabilities of the Company amounted to RMB12,385 million, representing an increase of RMB3,280 million as compared with RMB9,105 million at the beginning of the year. Gearing ratio was 59.70%, representing an increase of 7.24 percentage points as compared with 52.46% of the previous year. Guarantees for controlled subsidiaries amounted to RMB1,242 million, accounted for 17.16% of net assets of the Company. Among which, current liabilities amounted to RMB8,901 million, representing an increase of RMB3,319 million as compared with that at the beginning of the year, which was mainly attributable to the transfer of corporate bonds of RMB1.6 billion due forthwith to non-current liabilities due within one year.

3. Asset profitability

In 2017, the Company's return on net assets was 6.56%, representing a decrease of 2.91 percentage points as compared with 9.47% of the corresponding period of the previous year.

4. Operating results of the Company

In 2017, the Company recorded a total revenue of RMB4,700 million, representing an increase of 3.65% as compared with RMB4,535 million of the corresponding period of the previous year. Consolidated total profit amounted to RMB627 million; consolidated net profit amounted to RMB556 million; and net profit attributable to owners of the parent company amounted to RMB474 million, representing a decrease of 7.81%, 12.36% and 13.42%, respectively, as compared with that of the corresponding period of the previous year.

The businesses of major business segments of the Company in 2017 were as follows:

(1) *T a a*

In 2017, Dazhong Transportation focused on its strategic layout and actively adapted to the new normal of economic and industrial development. On the basis of consolidating the transportation services industry, it further combined industrial assets and financial assets, and actively promoted the implementation of strategy for the co-development of real economy and Internet operations. In 2017, it recorded an operating revenue of RMB2,394 million, which surpassed its business target.

(2) Ga , $c_{\mathbf{1}} a_{\mathbf{1}} a$. . . $a_{\mathbf{1}}$. . .

In 2017, Shanghai Dazhong Jiading Sewage Co., Ltd. (上海大眾嘉定污水處理有限公司) had normal operating indicators, endeavored to uphold the long-term target of “meeting the discharging standard”, and undertake the social responsibilities of the Company. The Class IA+ renovation work with total investments of RMB420 million has been listed as one of the key projects in Shanghai and has achieved the water discharge target. The construction of sludge dehydration project was completed and the project has commenced operation, which resulted in the significant improvement and enhancement in the capacity and methods of sludge treatment. In 2017, a total of 55,298,900 tons of sewage were treated, with an average of 151,500 tons per day.

In 2017, Jiangsu Dazhong Water further strengthened the management over the lifeline of meeting discharging standard, and adhered to the goals of “finding differences, shoring up weak growth areas and strengthening internal control”, so as to carry out the key objectives of strengthening internal control, building corporate team and managing the meeting of discharging standard. The expansion work of Jiawang Phase 2 under Jiangsu Dazhong Water and the commencement of operation of Donghai renovation work signified that the techniques of sewage treatment have become more reasonable and our discharge standards have been further enhanced. In 2017, a total of 77,595,500 tons of sewage were treated, with an average of 212,600 tons per day.

Xiangyin Road tunnel, a municipal infrastructure project funded and constructed by the Company, operated with high efficiency and safety, recorded stable concession income, and received concession subsidy of RMB87.41 million in 2017. The principal and investment return of Wuyi Road,

(3) *F a c a*

In 2017, Dazhong Financial Leasing continued to explore the development direction of “quality enterprises” with a more reasonable industry distribution, so as to give impetus to the breakthrough of leading enterprises in key industries. A number of tasks such as the access to central bank credit reference system commenced, and Dazhong Financial Leasing has been awarded the title of “Excellent Enterprise of the Finance Leasing Industry in 2017” (上海市融資租賃行業2017年度優秀企業). During the first half of 2017, the Company further increased the shareholdings in Dazhong Financial Leasing with a shareholding reaching 80%. In 2017, Dazhong Financial Leasing recorded an operating revenue of RMB86.6 million, and achieved a 96% collection rate for loan principal and interest and the non-performing loan accounted for 1.3%.

In 2017, Dazhong Business Card Company actively promoted major tasks including payment institution rating, development of eTongfu (e通付) APP, transformation of shopping mall with bonus credit and expansion of merchants. The transformation achieved preliminary results, and clarified the future development directions surrounding two objectives of payment and settlement. Dazhong’s eTongfu (e通付) APP was officially launched in 2017.

In 2017, Minhang Micro-credit committed to adhering to the overall operation principle of “strictly controlling risks and seeking progress while maintaining stability”, and insisted to intensify risk prevention efforts and continuously improved the risk control system, so as to ensure the safe and effective turnover of operating capital and a stable overall operating condition.

In 2017, the Company joined the partnership of Shanghai Huacan

III. FINANCIAL BUDGET OF THE COMPANY FOR 2018

2018 is a crucial year for promoting the implementation of the 13th Five-Year Plan. The company will adhere to the corporate development strategy of “co-development of public utilities and financial investment”, speed up the upgrade of the main business of public utilities, and focus on extending and improving the industry chain of the main business of gas, in order to steadily expand the overseas business layout of the Company, continuously optimize the outbound investment platform, constantly strengthen the intensive management and effective utilization of capital of the Company, and continuously enhance the competitiveness and influence of the Company in the capital market.

1. Business objectives

In 2018, the major business objectives for each segment of the Company are as follows:

(1) *T a* . . . *a*

In 2018, Dazhong Transportation will develop with innovation, implementing the development strategy of “being driven by both industry and capital”; it will achieve breakthrough with technology, promoting product upgrade of its business; it will devote quality as its spirit, enhancing the internal momentum of the brand. While seizing the fundamental of “seeking progress while maintaining stability”, it will consolidate its momentum and look forward to the development direction of the society and industry, and formulate a long-term development blueprint.

(2) *Ga* . . .

In 2018, the gas segment will focus on the extension of the gas industry chain and make greater efforts on the acquisition of quality projects. It will expand from the single channel of sale of natural gas to the industrial chain of supply of natural gas, engineering and sale of LNG.

(3) *M a c a a*

The accelerated pace in the construction of urban sewage treatment plant construction project has further supported water pollution prevention and control. In 2018, the environmental segment will further expand its external projects and enhance its overall competitiveness on the basis of ensuring the meeting of discharging standard as well as continuously improving the operational capability of sewage treatment and solid waste treatment. The Company will keep up its duties in maintaining smooth daily operation and safety of Xiangyin Road tunnel.

(4) *F a c a a*

For a long time, the Group has accumulated rich experience in equity investment, fund investment and management, and has formed its own characteristics of outbound investment. With the major adjustment to accounting policies by the state, the Group will need to continuously adjust and optimize outbound investment, and promote the overall optimization of resources of the Group through the integration of industrial capital and financial capital.

2. Funding targets

We will continue to follow-up the post-registration work of the issuance of corporate debt financing instruments, and issue corporate bonds based on the financing needs of the Company and the market condition. Through various funding methods, we will further optimize the financial structure of the Company, establish a capital pool for group companies, improve the capital management of the Company, increase the return on idle funds through marketization, and perform acceptance and payment work of principal and interests of issued bonds and debt, in order to ensure the stable use of funds of the Company.

3. Investment targets

Leveraging on the existing industrial edges of the Company, we will vigorously expand the investment in the main business, especially in the municipal gas and environmental control and management segments. We will integrate domestic and overseas resources, and select the main business investment after having fully considered the mutual benefits arising from the inter-relationship between the region, industrial structure and segments of projects, in order to further enhance the core competitiveness of the Company.

In 2018, the Company will further enhance its momentum for sustainable development of the Company, and optimize and improve the management system, in order to ensure that it can meet the high regulatory requirements of China and Hong Kong and the high requirements for corporate governance. The Company will insist on innovation, develop steadily, and bring returns to the shareholders and the society with satisfactory operating results.

The details of the resolution on the estimated ordinary related party/connected transactions of the Group for the year 2018 are as follows:

Pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Guidelines for the Implementation of Related Party Transactions of Companies Listed on the Shanghai Stock Exchange (《上海證券交易所上市公司關聯交易實施指引》), and taken into consideration of the operating requirements of the Company, the estimated ordinary related party transactions of the Company and its subsidiaries from the date on which the resolution is considered and approved at the 2017 AGM to the date on which the 2018 annual general meeting of the Company is held are as follows:

I. BASIC INFORMATION OF ORDINARY RELATED PARTY/CONNECTED TRANSACTIONS

U : RMB0,000

Name of related/connected party	Type of related party/connected transaction	Subject of related party/connected transaction	Pricing method for related party/connected transaction	Estimated amount for 2018 Amount	Amount in 2017 Amount
Shanghai Gas (Group) Co., Ltd.	Water, electricity, gas and other public utilities costs (purchase)	Purchase of natural gas	Negotiated pricing under the guidance of government	300,000.00	266,057.13
Shanghai Gas (Group) Co., Ltd.	Other outflow	Office premises	Market fair value	496.00	496.00
Shanghai Dazhong Building Co., Ltd.	Other outflow	Office premises	Market fair value	600.00	498.03

II. BACKGROUND OF RELATED/CONNECTED PARTY AND RELATIONSHIP
WITH RELATED/CONNECTED PARTY

(I) Background of related/connected party

Related/connected party one – Shanghai Gas (Group) Co., Ltd.

1. Company name: Shanghai Gas (Group) Co., Ltd.
2. Nature of company: State-owned enterprise
3. Legal representative: Wang Zhehong (王者洪)
4. Registered capital: RMB4,200 million
5. Substantial shareholder(s) and history: The company was jointly established by Shenergy (Group) Company Limited (申能(集團)有限公司) and Shanghai Municipal Construction, Investment and Development Company (上海市城市建設投資開發總公司) by the end of 2003 and is currently a wholly-owned subsidiary of Shenergy (Group) Company Limited.
6. Main business: Investment, construction, operation and management of natural gas pipeline network and its distribution facilities (including the West–East Gas Pipeline), and investment, transformation and management of gas pipelines and gas production enterprises. Date of establishment: 12 February 2004
7. Address: 159 Hongjing Road, Shanghai
8. Major financial data for 2017: Total assets of RMB24,873 million, net assets of RMB10,840 million, revenue from main business of RMB21,531 million, and net profit attributable to parent company of RMB697.8 million (all of which are unaudited data).

Related/connected party two – Shanghai Dazhong Building Co., Ltd.

1. Company name: Shanghai Dazhong Building Co., Ltd.
2. Nature of company: Limited liability company
3. Legal representative: Zhang Jing (張靜)
4. Registered capital: RMB200 million

5. Substantial shareholder(s): A wholly-owned subsidiary of Dazhong Transportation (Group) Co., Ltd.
 6. Main business: Accommodation, self-owned premise leasing, conference services, etc.. Date of establishment: 17 October 1995
 7. Address: 1515 Zhongshan West Road, Shanghai
 8. Major financial data for 2017: Total assets of RMB265,399,800, net assets of RMB248,321,500, revenue from main business of RMB41,830,300, and net profit of RMB9,022,200 (all of which are unaudited data).
- (II) As Shanghai Gas (Group) Co., Ltd. is a shareholder of the Company and holds 5.21% of the shares of the Company, pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the purchase of natural gas business and lease of office premises of Shanghai Dazhong Gas Co., Ltd. (“Dazhong Gas”) from Gas Group, the second largest shareholder of the Company, and the purchase of LNG business of Nantong Dazhong Gas from Gas Group constitute ordinary related party/connected transactions.

As Shanghai Dazhong Building Co., Ltd. is a wholly-owned subsidiary of Dazhong Transportation (Group) Co., Ltd. and Mr. Yang Guoping, being the Chairman of the Company, Mr. Liang Jiawei, being a Director, and Ms. Zhao Siyuan, being a Supervisor, are also directors of Dazhong Transportation (Group) Co., Ltd., and the Company is the largest shareholder of Dazhong Transportation (Group) Co., Ltd., pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the lease of office premises between the Company and its subsidiaries and Dazhong Building constitutes an ordinary related party/connected transaction.

- (III) Dazhong Gas and Nantong Dazhong Gas purchase natural gas and LNG business from Gas Group, and Dazhong Gas leases office premises from Gas Group. The lease of office premises of the Company and its subsidiaries from Dazhong Building is for normal production and operation requirements. The ordinary related party transaction has been undertaken on normal basis.

III. MAIN SUBJECT AND PRICING POLICIES FOR RELATED PARTY/CONNECTED TRANSACTIONS

1. Due to business requirements, Dazhong Gas and Nantong Dazhong Gas have to purchase natural gas from Gas Group every year. The parties to the related party/connected transactions will determine the purchase and sale prices in accordance with the relevant regulations of the state and guidance of government authorities. It is proposed to the AGM to grant approval to the Board to authorize the management of the two companies to be specifically responsible for relevant works such as the measurement of gas volume, audit of amount and signing of agreements.
2. Due to office operation requirements, Dazhong Gas has to lease office premises from Gas Group every year. The parties to the related party/connected transaction shall determine the rent in accordance with market fair value.
3. Due to office operation requirements, the Company and its subsidiaries have to lease office premises from Shanghai Dazhong Building Co., Ltd. every year. The parties to the related party/connected transactions shall determine the rent in accordance with market fair value.

IV. PURPOSE OF RELATED PARTY/CONNECTED TRANSACTIONS AND IMPACT ON LISTED COMPANIES

The above ordinary related party/connected transactions are: (1) the purchase of natural gas and LNG business of Dazhong Gas and Nantong Dazhong Gas from Gas Group, of which the transaction subject and pricing principle for transaction have already been determined in the previous year, with only changes in purchase volume and total transaction amount; (2) the lease of office premises of Dazhong Gas from Gas Group, of which both parties determine the rent in accordance with market fair value; and (3) the lease of office premises of the Company and its subsidiaries from Dazhong Building, of which both parties determine the rent in accordance with market fair value. The above transactions are all undertaken for normal production and operation requirements. Through the above ordinary related party/connected transactions, the sustainable and stable production and operation of the Company and its subsidiaries and Dazhong Gas and Nantong Dazhong Gas can be assured.

The details of the resolution on the application of bank credit facilities of the Company of 2018 are as follows:

Pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association, in order to meet the capital requirements for business development of the Company in 2018, the Company and its subsidiaries plan to apply for composite credit facilities in a total amount of not more than RMB16 billion (foreign currency translation inclusive) from banks and other financial institutions in 2018. The final amount of credit facilities shall be the actual amount approved by all financial institutions. The validity period shall begin from the date on which the resolution is considered and approved at the 2017 AGM to the date on which the 2018 annual general meeting of the Company is held.

The types of composite credit facilities include, but are not limited to, short-term working capital loans, medium and long-term borrowings, bank acceptance bills, guarantees, letters of credit and mortgage loans. Conditions such as specific credit limits, terms, interest rates and guarantee methods shall be stated in the final contract or agreement signed between the Company and the relevant financial institutions.

To improve the efficiency of business decision-making, it is proposed to the general meeting to grant approval to the Board to authorize the management to divide and adjust the credit limits for the application to all banks and other financial institutions within the aforesaid limits in accordance with the requirements for business development, determine the specific conditions for the application of credit facilities, such as cooperative financial institutions, interest rates and terms, and perform specific operations.

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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Pursuant to the relevant provisions of the Company Law of the People's Republic of China and the Notice on the Regulation of External Guarantees by Listed Companies (CSRC [2005] No. 120) jointly issued by the China Securities Regulatory Commission and China Banking Regulatory Commission, taken into consideration of the asset position of the Company as at the end of 2017 and the actual requirements for operation in 2018 and the future development of all controlled subsidiaries, following the principle of "reasonable allocation and effective use", the Company's provision of guarantee for its controlled subsidiaries with respect to their external financing in 2018 is as follows:

I. OVERVIEW OF GUARANTEES

1. In 2018, the Company will provide guarantees for the financing businesses of controlled subsidiaries of the Company, namely Shanghai Dazhong Municipal Development Co., Ltd. (上海大眾市政發展有限公司), Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd. (上海翔殷路隧道建設發展有限公司), Shanghai Dazhong Environment Industry Co., Ltd. (上海大眾環境產業有限公司), Shanghai Dazhong Jiading Sewage Co., Ltd. (上海大眾嘉定污水處理有限公司), Hangzhou Xiaoshan Qiantang Sewage Co., Ltd. (杭州蕭山錢塘污水處理有限公司), Jiangsu Dazhong Water Group Co., Ltd. (江蘇大眾水務集團有限公司), Xuzhou Fountainhead Sewage Co., Ltd. (徐州源泉污水處理有限公司), Peixian Fountainhead Water Operation Co., Ltd. (沛縣源泉水務運營有限公司), Lianyungang West Lake Sewage Co., Ltd. (連雲港西湖污水處理有限公司), Pizhou Fountainhead Water Operation Co., Ltd. (邳州源泉水務運營有限公司), Xuzhou Dazhong Water Operation Co., Ltd. (徐州大眾水務運營有限公司), Xuzhou Jiawang Dazhong Water Operation Co., Ltd. (徐州市賈汪大眾水務運營有限公司), Shanghai Dazhong Gas Co., Ltd. (上海大眾燃氣有限公司), Shanghai Dazhong Gas Investment Developing Co., Ltd. (上海大眾燃氣投資發展有限公司), Nantong Dazhong Gas Co., Ltd. (南通大眾燃氣有限公司), Shanghai Dazhong Group Capital Equity Investment Co., Ltd. (上海大眾集團資本股權投資有限公司), Shanghai Dazhong Assets Management Co., Ltd. (上海大眾資產管理有限公司), Shanghai Dazhong Financial Leasing Co., Ltd. (上海大眾融資租賃有限公司), Shanghai Dazhong Transportation Commerce Co., Ltd. (上海大眾交通商務有限公司), Shanghai Zhonggong Information Service Co., Ltd. (上海眾貢信息服務有限公司), Dazhong (Hong Kong) International Corporation Limited (大眾(香港)國際有限公司), Dazhong (Vietnam) International Co., Ltd. (大眾(越南)國際有限公司), Fretum Construction & Engineering Enterprise Limited, Galaxy Building & Development Corporation Limited, Ace Best Investing Management Corporation Limited, Interstellar Capital Investment CO., Limited and Allpay (International) Finance Service Corporation Limited, and new controlled subsidiaries during the year, with a maximum total guarantee amount of RMB8 billion (foreign currency translation inclusive) and maximum guarantee balance of RMB4 billion (foreign currency translation inclusive). The date and place of signing of guarantee agreement are determined in accordance with the requirements of the guaranteed party.

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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2. As the agreement has not yet been signed, the above approved limit of guarantee is only an estimate of the Company. The major terms of the specific guarantee agreement are jointly determined by the Company and the subsidiaries guaranteed and the bank.

Where the guarantor is the same party, it may adjust the guarantee of the guaranteed party as stipulated in the guarantee proposal within the total amount of guarantee.

Where the guarantor is the same party, it may provide guarantee to parties other than the guaranteed party as stipulated in the guarantee proposal within the total guarantee amount for wholly-owned and controlled subsidiaries whose gearing ratio does not exceed 70%. The guarantees of Shanghai Dazhong Financial Leasing Co., Ltd., Shanghai Dazhong Jiading Sewage Co., Ltd. and Dazhong (Hong Kong) International Corporation Limited are not subject to the restriction of not exceeding 70% of gearing ratio of the paragraph.

The above limit adjustment can be carried out between wholly-owned subsidiaries or controlled subsidiaries. The guarantee amount of the Company can be adjusted between wholly-owned subsidiaries and controlled subsidiaries.

II. BASIC INFORMATION OF GUARANTEED PARTIES

(i) Shanghai Dazhong Municipal Development Co., Ltd.

1. Company name: Shanghai Dazhong Municipal Development Co., Ltd.
2. Registered address: Room 2122, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Jin Bo (金波)
4. Business scope: Investment in municipal infrastructure projects such as various urban roads, highways, tunnels, bridges, airport runways, and the relevant ancillary facilities.
5. As of 31 December 2017: Total assets of RMB163,724,100, total current liabilities of RMB107,600, total liabilities of RMB107,600, net assets of RMB163,616,400, operating revenue of nil, and net profit of RMB17,204,200.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(ii) Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd.

1. Company name: Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd.
2. Registered address: Room 2120, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Jin Bo (金波)
4. Business scope: Development of relevant industries for tunnels and operation of tunnels.
5. As of 31 December 2017: Total assets of RMB677,423,200, total long-term borrowings due within one year of RMB14,550,000, total current liabilities of RMB247,360,700, total long-term borrowings of RMB113,450,000, total liabilities of RMB360,810,700, net assets of RMB316,612,500, operating revenue of RMB21,491,300, and net profit of RMB12,758,800.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(iii) Shanghai Dazhong Environment Industry Co., Ltd.

1. Company name: Shanghai Dazhong Environment Industry Co., Ltd.
2. Registered address: Room 2121, 29 Kangshi Road, Kangqiao Town, Pudong New Area, Shanghai
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Investment in urban tap water supply and sewage treatment projects, investment in infrastructure of solid waste treatment projects, etc.
5. As of 31 December 2017: Total assets of RMB503,218,600, total current liabilities of RMB19,533,100, total liabilities of RMB19,533,100, net assets of RMB483,685,500, operating revenue of RMB2,910,500, and net profit of RMB81,515,700.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(iv) Shanghai Dazhong Jiading Sewage Co., Ltd.

1. Company name: Shanghai Dazhong Jiading Sewage Co., Ltd.
2. Registered address: 1720 Jialuo Road, Jiading District, Shanghai
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Collection and treatment of domestic sewage and industrial wastewater, etc.
5. As of 31 December 2017: Total assets of RMB906,787,700, total long-term borrowings due within one year of RMB32,032,600, total current liabilities of RMB265,373,200, total long-term borrowings of RMB282,675,400, total liabilities of RMB646,413,800, net assets of RMB260,373,900, operating revenue of RMB115,129,200, and net profit of RMB40,433,600.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(v) Hangzhou Xiaoshan Qiantang Sewage Co., Ltd.

1. Company name: Hangzhou Xiaoshan Qiantang Sewage Co., Ltd.
2. Registered address: 99 Tonghui Middle Road, Xiaoshan District
3. Legal representative: Yang Weibiao (楊衛標)
4. Business scope: Investment, construction and relevant services for the treatment of industrial sewage and domestic sewage in eastern Xiaoshan District.
5. As of 31 December 2017: Total assets of RMB209,596,600, total current liabilities of RMB29,758,200, total liabilities of RMB29,758,200, net assets of RMB179,838,400, operating revenue of nil, and net profit of RMB-2,723,600.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(vi) Jiangsu Dazhong Water Group Co., Ltd.

1. Company name: Jiangsu Dazhong Water Group Co., Ltd.
2. Registered address: Sanbahe, Qiaojiahu Village, Xuzhou
3. Legal representative: Yang Jicai (楊繼才)
4. Business scope: Design and construction of environmental engineering and water treatment engineering, operational management services, technical consultation, production and sales of recycled water, sales of construction materials and chemical products, operation of non-financial assets, construction, operation and management of photovoltaic power stations, property leasing, site leasing.
5. As of 31 December 2017: Total assets of RMB158,877,000, total long-term borrowings due within one year of RMB1,000,000, total current liabilities of RMB62,198,600, total long-term borrowings of RMB19,000,000, total liabilities of RMB81,198,600, net assets of RMB77,678,300, operating revenue of RMB1,338,800, and net profit of RMB21,451,600.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(vii) Xuzhou Fountainhead Sewage Co., Ltd.

1. Company name: Xuzhou Fountainhead Sewage Co., Ltd.
2. Registered address: Xuzhou Industrial Park (100 meters south of the intersection of National Highway 310 and National Highway 206)
3. Legal representative: Lu Xuanhui (呂宣惠)
4. Business scope: Collection, treatment and deep purification of sewage, operation services for sewage treatment and recycling of sewage.
5. As of 31 December 2017: Total assets of RMB40,535,700, total long-term borrowings due within one year of RMB900,000, total current liabilities of RMB12,764,300, total long-term borrowings of RMB500,000, total liabilities of RMB16,710,500, net assets of RMB23,825,200, operating revenue of RMB8,178,600, and net profit of RMB1,144,400.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(x) Xuzhou Dazhong Water Operation Co., Ltd.

1. Company name: Xuzhou Dazhong Water Operation Co., Ltd.
2. Registered address: Sanbahe Sewage Treatment Plant, Qiaojiahu Village, Xuzhou
3. Legal representative: Lv Xuanhui (呂宣惠)
4. Business scope: Collection, treatment and deep purification of sewage, operation services for sewage treatment and recycling of sewage, development, transfer, consultation and services of environmental protection technology.

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(xii) Pizhou Fountainhead Water Operation Co., Ltd.

1. Company name: Pizhou Fountainhead Water Operation Co., Ltd.
2. Registered address: 500 meters east of Zhendong Village, Yunhe Town, Pizhou
3. Legal representative: Lv Xuanhui (呂宣惠)
4. Business scope: Sewage treatment and operation.
5. As of 31 December 2017: Total assets of RMB60,488,200, total current liabilities of RMB12,115,500, total liabilities of RMB21,721,600, net assets of RMB38,766,500, operating revenue of RMB15,062,600, and net profit of RMB6,529,000.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xiii) Shanghai Dazhong Gas Co., Ltd.

1. Company name: Shanghai Dazhong Gas Co., Ltd.
2. Registered address: 309 Fushan Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: planning, design and construction of gas, natural gas, gas meters, gas equipment appliances, gas kitchen equipment, gas distribution and gas projects, construction of municipal public construction projects, professional construction of pipeline construction projects.
5. As of 31 December 2017: Total assets of RMB4,347,590,100, total short-term borrowings of RMB300,000,000, total current liabilities of RMB2,545,828,700, total liabilities of RMB3,160,566,300, net assets of RMB1,187,023,800, operating revenue of RMB3,629,696,000, and net profit of RMB79,501,200.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(xiv) Shanghai Dazhong Gas Investment Developing Co., Ltd.

1. Company name: Shanghai Dazhong Gas Investment Developing Co., Ltd.
2. Registered address: Room 1226, 2575 Hunan Road, Kangqiao Town, Pudong New Area (Kangqiao)
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Asset management, corporate management, domestic commerce, asset restructuring, asset custody and relevant business consultation, economic and trade information consultation, investment in urban public utilities such as gas, transportation, water and environmental protection, industrial investment.
5. As of 31 December 2017: Total assets of RMB142,813,100, total current liabilities of RMB16,964,500, total liabilities of RMB16,964,500, net assets of RMB125,848,600, operating revenue of RMB383,800, and net profit of RMB13,361,300.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xv) Nantong Dazhong Gas Co., Ltd.

1. Company name: Nantong Dazhong Gas Co., Ltd.
2. Registered address: 11 Baihua Road, Nantong
3. Legal representative: Zhuang Jianhao (莊建浩)
4. Business scope: Production, distribution and supply of pipeline gas, supply of CNG, supply of liquefied petroleum gas, etc.
5. As of 31 December 2017: Total assets of RMB1,368,161,600, total current liabilities of RMB401,888,400, total liabilities of RMB999,445,800, net assets of RMB368,715,800, operating revenue of RMB632,361,300, and net profit of RMB53,563,600.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(xvi) Shanghai Dazhong Group Capital Equity Investment Co., Ltd.

1. Company name: Shanghai Dazhong Group Capital Equity Investment Co., Ltd.
2. Registered address: Room 24A01, 518 Shangcheng Road, Pudong New Area, Shanghai
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Equity investment, equity investment management, investment consultation, industrial investment, asset management.
5. As of 31 December 2017: Total assets of RMB598,036,700, total current liabilities of RMB20,002,400, total liabilities of RMB21,987,800, net assets of RMB576,048,900, operating revenue of nil, and net profit of RMB42,733,000.
6. Associated relationship or other relationships with the listed company: Controlled subsidiary

(xvii) Shanghai Dazhong Assets Management Co., Ltd.

1. Company name: Shanghai Dazhong Assets Management Co., Ltd.
2. Registered address: Room 906, Building A, 169 Taigu Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Asset management, investment management, equity investment management, investment consultation, etc.
5. As of 31 December 2017: Total assets of RMB553,814,300, total current liabilities of RMB1,700, total liabilities of RMB3,133,300, net assets of RMB550,681,000, operating revenue of nil, and net profit of RMB285,300.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xviii) Shanghai Dazhong Financial Leasing Co., Ltd.

1. Company name: Shanghai Dazhong Financial Leasing Co., Ltd.
2. Registered address: Room 604, Building A, 169 Taigu Road, China (Shanghai) Pilot Free Trade Zone
3. Legal representative: Yang Guoping (楊國平)
4. Business scope: Financial leasing business, leasing business, purchase of domestic and overseas leased property, treatment and maintenance of residual value of leased property, consul20.7sidualmaopertyofbupuand57J inand

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APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(xx) Shanghai Zhonggong Information Service Co., Ltd.

1. Company name: Shanghai Zhonggong Information Service Co., Ltd.
2. Registered address: Room A1-5932, 58 Fuminzhi Road, Hengsha Township, Chongming County, Shanghai (Shanghai Hengtai Economic Development Zone)
3. Legal representative: Chen Jiami (陳佳敕)
4. Business scope: Business consultation, business management consultation, marketing planning, corporate image planning, exhibition services, financial consultation, translation services, market information consultation and survey, etc.
5. As of 31 December 2017: Total assets of RMB53,941,700, total current liabilities of RMB44,158,400, total liabilities of RMB44,158,400, net assets of RMB9,783,300, operating revenue of RMB688,700, and net profit of RMB-137,300.
6. Associated relationship or other relationships with the listed company: Wholly-owned subsidiary

(xxi) Dazhong (Hong Kong) International Corporation Limited

1. Company name: Dazhong (Hong Kong) International Corporation Limited
2. Registered address: Room 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. Business scope: Passenger transportation services of rental cars, business and investment in relation to freight transport.
4. As of 31 December 2017: Total assets of USD294,633,800, total short-term borrowings of USD30,500,000, total current liabilities of USD185,446,100, total liabilities of USD185,446,100, net assets of USD109,187,700, operating revenue of nil, and net profit of USD-1,945,000.
5. Associated relationship or other relationships with the listed company: Controlled subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(xxii) Fretum Construction & Engineering Enterprise Limited

1. Company name: Fretum Construction & Engineering Enterprise Limited
2. Registered address: Room 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. As of 31 December 2017: Total assets of USD92,709,000, total current liabilities of USD17,481,000, total liabilities of USD17,481,000, net assets of USD75,228,100, operating revenue of nil, and net profit of USD867,000.
4. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxiii) Galaxy Building & Development Corporation Limited

1. Company name: Galaxy Building & Development Corporation Limited
2. Registered address: Room 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. As of 31 December 2017: Total assets of USD3,652,100, total current liabilities of USD12,900, total liabilities of USD12,900, net assets of USD3,639,200, operating revenue of nil, and net profit of USD18,600.
4. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxiv) Ace Best Investing Management Corporation Limited

1. Company name: Ace Best Investing Management Corporation Limited
2. Registered address: Room 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. As of 31 December 2017: Total assets of USD4,995,800, total current liabilities of nil, total liabilities of nil, net assets of USD4,995,800, operating revenue of nil, and net profit of USD-1,200.
4. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

APPENDIX VI	RESOLUTION ON THE PROPOSAL OF THE PROVISION OF GUARANTEE FOR ITS CONTROLLED SUBSIDIARIES WITH RESPECT TO THEIR EXTERNAL FINANCING
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(xxv) Interstellar Capital Investment Co., Limited

1. Company name: Interstellar Capital Investment Co., Limited
2. Registered address: Room 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. As of 31 December 2017: Total assets of RMB386,185,700, total current liabilities of RMB83,600, total liabilities of RMB83,600, net assets of RMB386,102,100, operating revenue of nil, and net profit of RMB-60,600.
4. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxvi) Allpay (International) Finance Service Corporation Limited

1. Company name: Allpay (International) Finance Service Corporation Limited
2. Registered address: Room 8204B, 82/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
3. As of 31 December 2017: Total assets of USD6,603,300, total current liabilities of nil, total liabilities of nil, net assets of USD6,603,300, operating revenue of nil, and net profit of USD-145,200.
4. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

(xxvii) Dazhong (Vietnam) International Co., Ltd.

1. Company name: Dazhong (Vietnam) International Co., Ltd.
2. Registered address: Ho Chi Minh City, Vietnam
3. Legal representative: Zhuang Ziguó (莊自國)
4. Business scope: Management consultation.
5. As of 31 December 2017: Total assets of nil, total current liabilities of nil, total liabilities of nil, net assets of nil, operating revenue of nil, and net profit of nil.
6. Associated relationship or other relationships with the listed company: Subsidiary of a controlled subsidiary

The above guaranteed parties are not shareholders, de facto controllers and related parties of shareholders and controlled subsidiaries and affiliates of related parties of the listed company, and are not individuals.

III. MAIN SUBJECT OF GUARANTEE AGREEMENT

The Company provides credit guarantees for its controlled subsidiaries, and the term and amount of which are determined in accordance with the business requirements of the guaranteed party.

IV. AGGREGATE AMOUNT OF EXTERNAL GUARANTEES AND AGGREGATE

The details of the resolution on the proposal for the Company and its subsidiaries to use idle funds for entrusted financing in 2018 are as follows:

In order to enhance the efficiency of and return on cash assets, it is proposed to the general meeting to grant approval to the Board to authorize the management of the Company to use its idle funds to entrust financial institutions such as commercial banks, trust companies, securities companies, fund companies, insurance companies and asset management companies for entrusted financing with a maximum balance of RMB5.0 billion (foreign currency translation inclusive) per day on the premises of assuring the capital requirements for production and operation and the capital safety of the Company and after taken into consideration of the actual requirements of the Company. Both parties of the entrusted financing are independent to each other, and the entrusted financing does not constitute a related/connected transaction.

I. BASIC DESCRIPTION

The source of funds for the entrusted financing is idle funds of the Company, for which performance guarantee is not required, and hence the daily business activities of the Company will not be affected.

II. PRODUCT DESCRIPTION

The Company proposes to entrust financial institutionsiaA616.2A6iaA6a,iaA61ercial iaA61s,
whic.9(ust)-378.7(companies,)-378.7(securities)-378.7(companies,)-378.7(fund)-378.7(companies,)-378.7

IV. RISK MANAGEMENT AND CONTROL

The Company has established sound procedures for the consideration and approval and implementation of the use of funds to ensure the effective application and regulated use of funds. During the period of entrusted financing, the Company will maintain close contact with the trustee of entrusted financing and timely track the operation of the financing funds. If any risk factors that may affect the security of funds of the Company are identified, appropriate measures shall be adopted in time to control investment risks.

Meanwhile, in accordance with the relevant requirements of the China Securities Regulatory Commission and Shanghai Stock Exchange, the Company will disclose the condition of entrusted financing products during the reporting period in its periodic report.

V. IMPACT ON THE DAILY OPERATION OF THE COMPANY

The Company will conduct sufficient estimation and measurement on the risks and returns of financing products and future capital requirements. The use of such funds shall not affect the requirements for daily operation and development of the Company. Purchasing financing products with idle funds in time can realize investment gains and help improving the efficiency of utilization of idle funds of the Company, and will not harm the interests of the shareholders of the Company.

The details of the resolution on the re-appointment of the domestic audit firm and internal control audit firm for the Group for the year 2018 are as follows:

As the domestic audit firm and internal control audit firm appointed by Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Company”) for the year 2017, BDO China Shu Lun Pan Certified Public Accountants LLP, in the course of audit on the Company, adhered to the independent, objective and fair practice standards, diligently fulfilled its obligations, issued independent audit opinion objectively and impartially, and satisfactorily completed the commissioned audit work of the Company. In 2017, the service fee for audit business paid by the Company to BDO China Shu Lun Pan Certified Public Accountants LLP amounted to RMB1.20 million, and the service fee for internal control audit business amounted to RMB0.4 million.

In order to ensure the continuity and stability of external audit work of the Company, as considered and approved in the fifth meeting of the tenth session of the Board, the Company proposes to re-appoint BDO China Shu Lun Pan Certified Public Accountants LLP to conduct audit on the annual financial statements of the Company for the year 2018 and issue audit reports, and proposes to re-appoint BDO China Shu Lun Pan Certified Public Accountants LLP to conduct audit on the effectiveness of internal control of the Company for the year 2018 and issue internal control audit reports. The term of both appointments shall be one year, and audit fees shall be paid in accordance with the standard paid schedule.

The details of the resolution on the appointment of the overseas audit firm for the Company for the year 2018 are as follows:

As the overseas audit firm appointed by the Company for the year 2017, BDO Limited, in the course of audit on the Company, diligently fulfilled its duties, adhered to the independent, objective and fair practice standards, and completed the annual audit work. In 2017, the service fee for audit business paid by the Company to BDO Limited amounted to HK\$1.2 million.

In order to ensure the continuity and stability of external audit work of the Company, as considered and approved in the fifth meeting of the tenth session of the Board, the Company proposes to re-appoint BDO Limited as the overseas audit firm for the Company for the year 2018. The term of appointment shall be one year, and audit fees shall be paid in accordance with the standard paid schedule.

The proposed registration and issuance of short-term commercial papers of not

VI. Use of proceeds

Proceeds raised are mainly used to supplement the working capital of the Company, repay borrowings from financial institutions, and use in other purposes which are recognized by the National Association of Financial Market Institutional Investors of the PRC.

VII. Way of underwriting

The principal underwriter and the joint principal underwriters shall underwrite the short-term commercial papers which have not been subscribed by underwriting.

VIII. Way of issuance

The short-term commercial papers are to be issued in the interbank bond market of the PRC publicly by forming a underwriting group through book-building and placement centralization.

THE PRINCIPLE TERMS OF THE ISSUANCE PROPOSAL OF SUPER SHORT-TERM COMMERCIAL PAPERS

I. Size of issuance

The total amount of the issuance of the super short-term commercial papers shall not be more than RMB2 billion (inclusive). It complies with the relevant requirement in the “Guidelines on the Issuance of Non-financial Enterprises Super Short Commercial Papers in the Interbank Bond Market (Trial)”.

II. Term of issuance

The longest existing term of the single issuance of the super short-term commercial papers shall not exceed 270 days (inclusive).

III. Date of issuance

It will be issued by installments in a timely manner within the validity period of the registration of the National Association of Financial Market Institutional Investors of the PRC.

IV. Rate of issuance

The rate of issuance is to be determined by negotiation between the Company and the underwriters based on the effective term of issuance with reference to the guidance price of the super short-term commercial papers promulgated by the National Association of Financial Market Institutional Investors of the PRC upon issuance.

V. Target subscribers

Target subscribers of the super short-term commercial papers are institutional investors in the interbank market of the PRC (excluding those in respect of which subscription has been prohibited under national laws and regulations).

VI. Use of proceeds

Proceeds raised are mainly used to supplement the working capital of the Company, repay borrowings from financial institutions, and use in other purposes which are recognized by the National Association of Financial Market Institutional Investors of the PRC.

VII. Way of underwriting

The principal underwriter and the joint principal underwriters shall underwrite the super short-term commercial papers which have not been subscribed by underwriting.

VIII. Way of issuance

The super short-term commercial papers are to be issued in the interbank bond market of the PRC publicly by forming a underwriting group through book-building and placement centralization.

VALIDITY PERIOD FOR THE RESOLUTION

After the proposed issuance of short-term commercial papers and super short-term commercial papers has been considered and approved in the 2017 AGM of the Company, the relevant resolutions will continue to be valid during the validity period of the registration (two years).

AUTHORIZATION MATTERS PROPOSED TO THE GENERAL MEETING BY THE
BOARD

To seize a better occasion for the issuance so as to enhance the efficiency of financing, it is proposed to the AGM to grant approval to the Board to authorise the management to proceed to, among others, the following under the requirements of relevant rules and regulations and the opinions of the competent authorities:

- (1) determine the time, the quota, the way and the rate of issuance of short-term and super short-term commercial papers, and engage relevant intermediaries with reference to the Company's requirements and the market conditions;
- (2) complete necessary procedures, including but not limited to, the procedures in relation to registration, issuance and trading;
- (3) sign the required documents, including but not limited to, the application form of issuance, the prospectus, the underwriting agreement, and documents in relation to disclosure of relevant information pursuant to applicable regulatory rules.

The resolution on the issuance of short-term commercial papers and super short-term commercial papers shall be valid within two years from the date on which it is considered and approved at the 2017 AGM. The mandate shall be valid from the date on which it is considered and approved at the 2017 AGM to the date of completion of the above authorization matters.

The proposed registration and issuance of mid-term notes (the “Mid-term Notes”) of not more than RMB1,500 million (the “Proposed Issuance”) has been approved in the fifth meeting of the tenth session of the Board held on 29 March 2018.

To open up more financing channels, optimise the finance structure, lower the finance costs, prevent capital risks and satisfy the capital requirements for the development of the Company, the Company proposed to apply for registration and issuance of Mid-term Notes from the National Association of Financial Market Institutional Investors of the PRC. Details of the Proposed Issuance are as follows:

I. SIZE OF ISSUANCE

The size of such registration and issuance of Mid-term Notes shall not be more than RMB1,500 million (inclusive), and the details of the size of issuance are to be determined within the above scope with reference to the capital requirements of the Company and the market conditions upon issuance;

II. TERM OF ISSUANCE

The term of single issue shall not exceed five years (inclusive), and the details of the term of issuance are to be determined with reference to the capital requirements of the Company and the market conditions;

III. USE OF PROCEEDS RAISED

Proceeds raised shall be used in compliance with the requirements of relevant regulations and the regulatory authorities, and be used to, among others, support liquidity, repay borrowings from financial institutions, settle the credit bonds matured, and fund the capital requirements of projects;

IV. RATE OF ISSUANCE

The rate of issuance is to be determined by negotiation between the Company and the underwriters based on the effective term of issuance with reference to the guidance price of the mid-term notes promulgated by the National Association of Financial Market Institutional Investors of the PRC upon issuance;

V. TARGET SUBSCRIBERS

Target subscribers of such issuance of Mid-term Notes are institutional investors in the interbank market of the PRC (excluding those in respect of which subscription has been prohibited under national laws and regulations);

VI. WAY OF ISSUANCE

The Mid-term Notes are to be issued in single or multiple tranches within the registered amount during the period of validity, and the details of the way of issuance shall be determined with reference to the market conditions and the capital requirements of the Company;

VII. WAY OF UNDERWRITING

The principal underwriter and the joint principal underwriters shall underwrite the Mid-term Notes which have not been subscribed by underwriting;

VIII. AUTHORIZATION MATTERS PROPOSED TO THE GENERAL MEETING BY
THE BOARD

To seize a better occasion for the issuance so as to enhance the efficiency of financing, it is proposed to the AGM to grant approval to the Board to authorise the management to proceed to, among others, the following under the requirements of relevant rules and regulations and the opinions of the competent authorities:

- (1) determine the time, the quota, the way and the rate of issuance of mid-term notes, and engage relevant intermediaries with reference to the Company's financial requirements and the market conditions;
- (2) complete necessary procedures, including, but not limited to, the procedures in relation to registration, issuance and trading;
- (3) sign the required documents, including but not limited to, the application form of issuance, the prospectus, the underwriting agreement, and documents in relation to disclosure of relevant information pursuant to applicable regulatory rules.

The resolution on the issuance of mid-term notes shall be valid within two years from the date on which it is considered and approved at the 2017 AGM. The mandate shall be valid from the date on which it is considered and approved at the 2017 AGM to the date of completion of the above authorization matters.

The details of the resolution on the adjustment of independent Directors' (independent non-executive Directors') allowance of the Group are as follows:

In accordance to the relevant provisions of the Guidelines for the Introduction of Independent Directors into Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》) of the China Securities Regulatory Commission and the Articles of Association, as the independent Directors of the Company diligently fulfilled their duties and contributed to the sustainable and healthy development of the Company, taking consideration into the current actual situation of the Company and the economic development of the industry and regions, as considered and approved in the fifth meeting of the tenth session of the Board of the Company, the Company proposes to adjust the annual allowance standard of independent Directors of the Tenth session of the Board of the Company from RMB0.10 million (before tax) per person to RMB0.15 million (before tax) per person. This independent Directors' allowance standard shall be implemented after consideration and approval at the 2017 AGM.

Pursuant to the requirements under relevant documents such as the Opinions of the General Office of the State Council on Accelerating the “Combination of Three Licenses into One” Registration System Reform (Guo Ban Fa [2015] No. 50) and the Notice of Six Departments including the State Administration for Industry and Commerce on Implementing the Opinions of the General Office of the State Council on Accelerating the “Combination of Three Licenses into One” Registration System Reform (Gong Shang Qi Zhu Zi [2015] No. 121), Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “Company”) completed the “Combination of Three Licenses into One” procedures for change on industrial and commercial registration for its original business license (registration number: 31000000008037), original tax registration certificate (tax number: 310115132208778) and original organization code certificate (code: 13220877-8), and obtained a new industrial and commercial business license. The unified social credit code of the Company is 91310000132208778G.

In accordance with the resolution on amendments on the Articles of Association of the Company and the change on industrial and commercial registration considered and approved in the fifth meeting of the tenth session of the Board of the Company, the Company made the following amendments to the Articles of Association of Shanghai Dazhong Public Utilities (Group) Co., Ltd.:

Before Amendment	After Amendment
<p>Article 2</p> <p>The Company is a limited liability company by shares established in accordance with the Company Law, the Regulations of the People’s Republic of China on Company Registration, the Special Regulations and other relevant regulations (the “Company”).</p> <p>The Company was approved by document Hufuban [1991] No. 105 of the General Office of Shanghai Municipal People’s Government and was incorporated by public subscription on 4 September 1991; it registered with the Shanghai Administration for Industry and Commerce and obtained a business license on 1 January 1992. Pursuant to the relevant provisions, the Company has been standardized in accordance with the Company Laws and fulfilled the re-registration procedure according to the law.</p>	<p>Article 2</p> <p>The Company is a limited liability company by shares established in accordance with the Company Law, the Regulations of the People’s Republic of China on Company Registration, the Special Regulations and other relevant regulations (the “Company”).</p> <p>The Company was approved by document Hufuban [1991] No. 105 of the General Office of Shanghai Municipal People’s Government and was incorporated by public subscription on 4 September 1991; it registered with the Shanghai Administration for Industry and Commerce and obtained a business license on 1 January 1992. Pursuant to the relevant provisions, the Company has been standardized in accordance with the Company Laws and fulfilled the re-registration procedure according to the law.</p>

APPENDIX XIII RESOLUTION ON AMENDMENTS ON THE ARTICLES OF ASSOCIATION OF THE COMPANY AND THE CHANGE ON INDUSTRIAL AND COMMERCIAL REGISTRATION

Before Amendment	After Amendment
<p>The Business License of the Company: 310000000008037</p> <p>The promoters of the Company: Shanghai Dazhong Taxi Company, Shanghai Coalgas Company, Bank of Communications, Shanghai Pudong Branch and Shanghai Shenhua Electrician Union Company.</p> <p>Article 14</p> <p>The business scope of the Company as legally registered is: industrial investment, domestic business (except for special examination and approval requirements), asset restructuring, mergers and acquisitions and related business consulting, with affiliated branch (licensed operations with operating licenses).</p>	<p><u>The unified social credit code</u> of the Company: <u>91310000132208778G</u></p> <p>The promoters of the Company: Shanghai Dazhong Taxi Company, Shanghai Coalgas Company, Bank of Communications, Shanghai Pudong Branch and Shanghai Shenhua Electrician Union Company.</p> <p>Article 14</p> <p>The business scope of the Company as legally registered is: <u>networks of city-gas pipeline, clean energy, construction and operation of water supply plant, sewage treatment plant and water recycling plants, and relevant</u> industrial investment, domestic business (except for special examination and approval requirements), asset restructuring, mergers and acquisitions and related business consulting, with affiliated branch (licensed operations with operating licenses).</p>

The Board of the Company proposes to the general meeting to grant approval to the Board to authorize the management to be responsible for all relevant registration procedures required for the change of the above matters of the Company to the industrial and commercial registration authority. The above amendments shall have legal effect on the Company.

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