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上海大眾公用事業(集團)股份有限公司

**Shanghai Dazhong Public Utilities (Group) Co., Ltd.\***

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

**(Stock Code: 1635)**

## **CONNECTED TRANSACTION ENTERING INTO THE SHAREHOLDER AGREEMENT**

### **INTRODUCTION**

On 27 December 2019, the Company entered into the Shareholder Agreement with Dazhong Transportation, Shanghai Dazhong Business Management and Dingxin Huaxuan, pursuant to which, each of the parties shall make capital contribution to Qianhai Weifenglai for its operation, of which the Company shall contribute RMB100,000,000.

### **LISTING RULES IMPLICATION**

As at the date of this announcement, Shanghai Dazhong Business Management is a Substantial Shareholder of the Company and therefore a connected person of the Company. Accordingly, the Shareholder Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Shareholder Agreement and the transactions contemplated thereunder is higher than 0.1% but less than 5%, the Shareholder Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* For identification purpose only

## **INTRODUCTION**

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## **THE SHAREHOLDER AGREEMENT**

The principal terms of the Shareholder Agreement are as follows:

### **Date**

27 December 2019

### **Parties**

- (1) the Company;
- (2) Dazhong Transportation, which is owned as to 26.77% by the Company directly and indirectly;
- (3) Shanghai Dazhong Business Management, a Connected Person of the Company; and
- (4) Dingxin Huaxuan, an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dingxin Huaxuan and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s), and are not connected persons of the Company.

### **Name of the Joint Venture Company**

Shenzhen Qianhai Weifenglai Equity Investment Management Co., Ltd. \* (深圳前海微風來股權投資管理有限公司)

### **Business Scope**

Qianhai Weifenglai is principally engaged in equity investment and management of equity investment fund.

## **Subscribed Capital Contribution**

The registered capital of Qianhai Weifenglai is RMB220,000,000, and each of the parties shall pay their subscribed capital contributions in cash. The amounts and ratios of the subscribed capital contributions are as follows:

- (1) the subscribed capital contribution of the Company is RMB100,000,000, representing approximately 45.4546% of the registered capital, among which, the senior capital contribution accounts for RMB50,000,000, while the subordinated capital contribution accounts for RMB50,000,000;
- (2) the subscribed capital contribution of Dazhong Transportation is RMB100,000,000, representing approximately 45.4546% of the registered capital, among which, the senior capital contribution accounts for RMB50,000,000, while the subordinated capital contribution accounts for RMB50,000,000;
- (3) the subscribed capital contribution of Shanghai Dazhong Business Management is RMB18,000,000, representing approximately 8.1818% of the registered capital, among which, the senior capital contribution accounts for RMBnil, while the subordinated capital contribution accounts for RMB18,000,000; and
- (4) the subscribed capital contribution of Dingxin Huaxuan is RMB2,000,000, representing approximately 0.9090% of the registered capital, among which, the senior capital contribution accounts for RMBnil, while the subordinated capital contribution accounts for RMB2,000,000.

The party holding the senior capital contribution is considered as a “Senior Capital Holder”, while the party holding the subordinated capital contribution is considered as a “Subordinated Capital Holder”.

The Company will fund its subscribed capital contributions with internal resources.

The subscribed capital contribution is determined by the parties at arm’s length negotiation by reference to, among others, the expected capital requirement of Qianhai Weifenglai.

Each of the parties shall make the contribution of their respective amount of the subscribed capital contribution in installments according to the respective contribution date contained in the written payment notice issued by Qianhai Weifenglai.

## **Overdue Payment of Capital Contribution**

If any of the parties fails to pay part or all of the capital contribution to Qianhai Weifenglai on or before the corresponding payment due date as required by the written payment notice issued by Qianhai Weifenglai, Qianhai Weifenglai has the right to take one or more of the following measures (as applicable) against the defaulting party:

- (1) For a defaulting party who has defaulted on the initial capital contribution, a targeted reduction of capital may be made, as if the shareholder withdraws from the Shareholder Agreement and ceases to be a party to the Shareholder Agreement, and shall, accordingly, go through the corresponding procedures for industrial and commercial registration;
- (2) To require the defaulting party to pay liquidated damages of an amount equivalent to twenty percent (20%) of its capital contribution, but the board of directors of Qianhai Weifenglai may decide to waive such liquidated damages; if the liquidated damages are insufficient to make up for the loss of Qianhai Weifenglai, the defaulting party shall make compensation;
- (3) The defaulting party shall not be entitled to participate in any voting, consent or decision that shareholders are entitled to make under the Shareholder Agreement or other relevant applicable laws;
- (4) The board of directors of Qianhai Weifenglai, after communicating with the relevant non-defaulting parties, shall have the right to independently designate one or more of the non-defaulting parties to take up the defaulting party's outstanding capital contribution or decide that Qianhai Weifenglai accepts new shareholders to subscribe for the capital contribution that the defaulting party did not pay as agreed or reduce the registered capital of Qianhai Weifenglai accordingly;
- (5) The board of directors of Qianhai Weifenglai may require the defaulting party to transfer its equity according to its paid-in capital contribution or at a lower price as determined based on the assessment of a third party engaged by the board of directors of Qianhai Weifenglai, and after such transfer, the defaulting party shall withdraw from Qianhai Weifenglai and cease to be a shareholder of Qianhai Weifenglai;
- (6) In the distribution of income, the board of directors of Qianhai Weifenglai shall have the right to decide to withhold all of the distributable income to the defaulting party to offset the capital contribution owed, the expenses to be borne and the liquidated damages to be paid by the defaulting party; or

- (7) In the distribution of income, withholding up to fifty percent (50%) of the distributable income which will be allocated to the non-defaulting parties in proportion to their paid-in capital contribution. At the same time, if the outstanding capital contribution was originally intended for project investment, the board of directors of Qianhai Weifenglai may independently decide to provide the non-defaulting parties and/or third parties with the same investment opportunity for the investment project.

### **Transfer of Capital Contribution**

Any party's transfer of its capital contribution shall be considered and approved by the board of directors of Qianhai Weifenglai. Upon the approval of the board of directors of Qianhai Weifenglai, the party may transfer its capital contribution to other shareholders of Qianhai Weifenglai or third parties other than the related parties of the shareholder who makes the transfer, and other shareholders have pre-emptive rights for the capital contribution on the same conditions. If two or more shareholders intend to exercise their pre-emptive rights, their respective proportion to purchase shall be determined by negotiation; if it fails, pre-emptive rights shall be exercised at the proportion of their respective capital contributions at the time of transfer to the aggregate capital contributions of Qianhai Weifenglai held by the parties intending to exercise pre-emptive rights.

### **Management**

Each of the parties agrees to entrust Shenzhen Dingxin Capital Investment Management Co., Ltd.\* (深圳市鼎信資本投資管理有限公司) to manage the assets of Qianhai Weifenglai. It, as the manager, shall be responsible for the asset investment and operation of Qianhai Weifenglai and the management and disposal of assets arising from the asset investment of Qianhai Weifenglai. Qianhai Weifenglai shall pay management fees to Shenzhen Dingxin Capital Investment Management Co., Ltd.\* (深圳市鼎信資本投資管理有限公司) in a lump sum at the amount of 5% of the paid-up capital of Qianhai Weifenglai, within ten working days from the date of the capital contribution when the parties pay their contribution in full (the "**Delivery Date**"). The management fees cover a period from the Delivery Date to the third anniversary of the Delivery Date. No additional management fee is required if the renewal period of Qianhai Weifenglai extends to later than the third anniversary of the Delivery Date.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shenzhen Dingxin Capital Investment Management Co., Ltd.\* (深圳市鼎信資本投資管理有限公司) and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s) and are not connected person(s) of the Company.

## **Investment Restrictions**

With the exception of internet banking and the management and disposal of investments in internet banking, Qianhai Weifenglai shall not make any external investment in other projects.

## **Profit Distribution**

Qianhai Weifenglai shall distribute the income received by it in the following order of priority:

*Income from the investment project:*

- (1) An amount equal to the principal will be distributed to the shareholders of Qianhai Weifenglai according to their then paid-in contribution ratio, until the amount distributed to them is equal to the then paid-in capital contribution made by them to Qianhai Weifenglai;
- (2) Ten percent (10%) of the remaining amount after the distribution mentioned in (1) above will be distributed to Dingxin Huaxuan;
- (3) Ninety percent (90%) of the remaining amount after the distribution mentioned in (1) above will be distributed in the following order: Firstly, the amount shall be distributed to Senior Capital Holders according to their paid-in senior capital contribution ratio, until they have received a return with simple interest equal to ten percent (10%) of the paid-in senior capital contribution from the date that the paid-in senior capital contribution is credited into account; Secondly, the remaining amount shall be distributed to the Subordinated Capital Holders according to their paid-in contribution ratio.

*Other distributable capital gains other than income from the investment project:*

In principle, distribution among the shareholders of Qianhai Weifenglai will be made in accordance with the proportion of their paid-up registered capital at that time.

## **Restrictions on Pledge of Interests**

During the duration of Qianhai Weifenglai, no party may pledge its capital contribution or set up other security or restrictive rights without the consent of the board of directors of Qianhai Weifenglai.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Board is satisfied that this capital contribution is to expand the scale of investments in the financial sector, improve the profitability, and increase the stable profit growth points of the Company, which are in line with the strategic direction of the Company's two major drivers (i.e. public utilities and venture capital businesses) going hand in hand, which is based on the Company's need for sustainable development.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Shareholder Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Company**

The principal business of the Company is the provision of public utility services. It also engages in strategic and financial investments in associated companies in public utility and other industries. Shanghai Dazhong Business Management is the single largest shareholder of the Company.

### **Dazhong Transportation**

The principal businesses of Dazhong Transportation are enterprise operation and management consultation, modern logistics and public transportation, related vehicle maintenance, car wash, parking, motel business and motor vehicle driver training. The Company is the single largest shareholder of Dazhong Transportation.

### **Shanghai Dazhong Business Management**

The principal businesses of Shanghai Dazhong Business Management are taxi operation services, investment management services, investment consultancy services and sale of automobile components. Shanghai Dazhong Business Management is ultimately held by Shanghai Dazhong Business Management Employee Share Ownership Committee\* (上海大眾企業管理有限公司職工持股會), which is a holding vehicle.

### **Dingxin Huaxuan**

The principal businesses of Dingxin Huaxuan are asset management, investment management, fund management and investment fund business.

## LISTING RULES IMPLICATION

As at the date of this announcement, Shanghai Dazhong Business Management is a Substantial Shareholder of the Company and therefore a Connected Person of the Company. Accordingly, the Shareholder Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Shareholder Agreement and the transactions contemplated thereunder is higher than 0.1% but less than 5%, the Shareholder Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Yang Guoping (the executive director of the Company) and Mr. Liang Jiawei (the executive director of the Company) are directors of Shanghai Dazhong Business Management, they are treated as having material interests in the Shareholder Agreement and the transactions contemplated thereunder and have abstained from voting regarding the resolutions of the Board for approving the Shareholder Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has material interests in the Shareholder Agreement and are therefore required to abstain from voting regarding the relevant resolutions of the Board.

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“A Share(s)”	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Board”	the board of Directors
“Company”	Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (上海大眾公用事業(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC on 1 January 1992, whose A Shares have been listed on the Shanghai Stock Exchange since 4 March 1993 (Stock Code: 600635.SH) and the H Shares have been listed on the Main Board of the Stock Exchange since 5 December 2016 (Stock Code: 1635)



“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Dazhong Transportation”	Dazhong Transportation (Group) Co., Ltd.* (大眾交通(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC on 6 June 1994, whose A shares (Stock Code: 600611.SH) and B shares (Stock Code: 900903.SH) have been listed on the Shanghai Stock Exchange since 7 August 1992, which is owned as to 26.77% by the Company directly and indirectly
“Dingxin Huaxuan”	Zhuhai Dingxin Huaxuan Asset Management Partnership (Limited Partnership)* (珠海鼎信華軒資產管理合夥企業(有限合伙)), a limited partnership established in the PRC on 18 May 2018 in accordance with the PRC Partnership Law (《中華人民共和國合夥企業法》)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the Company’s registered share capital, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Independent Shareholders”	shareholders other than Shareholders who have material interests in the Shareholder Agreement and the transactions contemplated thereunder
“Independent Third Part(ies)”	independent third part(ies) independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

“Qianhai Weifenglai”	Shenzhen Qianhai Weifenglai Equity Investment Management Co., Ltd.* (深圳前海微風來股權投資管理有限公司), a limited liability company incorporated in the PRC on 13 November 2015
“RMB”	renminbi, the lawful currency of the PRC
“Shanghai Dazhong Business Management”	Shanghai Dazhong Business Management Co., Ltd.* (上海大眾企業管理有限公司), a limited liability company incorporated in the PRC on 10 March 1995 and the Substantial Shareholder of the Company
“Shareholder Agreement”	the shareholder agreement of Shenzhen Qianhai Weifenglai Equity Investment Management Co., Ltd.* (深圳前海微風來股權投資管理有限公司) dated 27 December 2019
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	A Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

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

Shanghai, the PRC  
27 December 2019

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

\* For identification purpose only