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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF
INTEREST IN A LIMITED PARTNERSHIP FUND**

ACQUISITION OF INTEREST IN A LIMITED PARTNERSHIP FUND

The Board is pleased to announce, on 19 August 2020, that the Company entered into (i) the Partnership Interest Transfer Agreement with Shangyan Investment and Houpu Private Equity Investment; and (ii) the Partnership Agreement with Houpu Private Equity Investment, Jingxiang Asset Management, Everbright Xinglong Trust, Guizhou Railway Yiqi Liuhao and Fenxin Investment Management, pursuant to which the Company agreed to acquire Shangyan Investment's capital contribution of RMB500 million (i.e. unpaid up) in Minpu Houde Fund, representing 45.37% of the total capital contribution Minpu Houde Fund and become a new limited partner of fund.

Partnership Interest Transfer Agreement

The major terms of the Partnership Interest Transfer Agreement are as follows:

Date : 19 August 2020

Contracting parties : (1) the Company

(2) Shangyan Investment; and

(3) Houpu Private Equity Investment

Capital contribution : 45.37% of the partnership interest in Minpu Houde Fund
subject to the transfer (“**Transferred Interest**”)

Consideration : As the Transferred Interest has not been paid up by
Shangyan Investment, the consideration is nil

THE PARTNERSHIP AGREEMENT AND INFORMATION ABOUT MINPU HOUDE FUND

The major terms of the Partnership Agreement are as follows:

Date : 19 August 2020

Contracting parties : General Partners:

- Houpu Private Equity Investment, an independent third party
- Jingxiang Asset Management, an independent third party

Limited Partners:

- the Company
- Everbright Xinglong Trust, an independent third party
- Guizhou Railway Yiqi Liuhao Equity, an independent third party
- Fenxin Investment Management, an independent third party

The Existing Partners agreed to accept the Company as the limited partner of Minpu Houde Fund.

As at the date of this announcement, Minpu Houde Fund (i) has not conducted any business activities or invested in any companies; and (ii) assumed any liabilities (except for the expenses for daily operation).

Fund name	: Tianjin Minpu Houde Equity Investment Fund Partnership (Limited Partnership) (天津民樸厚德股權投資基金合夥企業(有限合夥))
Purpose	: Minpu Houde Fund will mainly through make equity investment in the PRC enterprises so as to achieve capital increase and return on investment satisfactory to the partners.
Investment scope	: Minpu Houde Fund will invest in the special scheme of mixed ownership reform of Xugong Group Construction Machinery Co., Ltd. (徐工集團工程機械有限公司) in the form of equity investment (“ Xugong Limited Project ”).
Investment limits	: Minpu Houde Fund shall not directly or indirectly invest in the real estate; shall not engage in borrowing and lending in any form; shall not engage in pledge or guarantee business; shall not invest in enterprises with unlimited liability; shall not invest in futures or financial derivative trading; and shall not engage in businesses operated by general partners or forbidden by regulatory authorities.
Term	: The validity term is five years from establishment of Minpu Houde Fund. Upon expiry, based on the needs of liquidation, general partners have the right to extend the exit period of the Minpu Houde Fund by one year, but can only exercise this right for once. The approval of partnership’s general meeting is required for another extension. Since its establishment, Minpu Houde Fund has two years for investment, and subsequent three years for exit.

Manager and management fees : Houpu Private Equity Investment is the manager of Minpu Houde Fund, responsible exclusively for the management and operation of the Minpu Houde Fund, including formulating the basic management and operation rules, and hiring third-party professionals or intermediary institutions to provide services and etc.; responsible for conducting investment in accordance with the Minpu Houde Fund operation scope and funds utilisation stipulations, managing the Minpu Houde Fund assets as a result of such investment, and deal with Minpu Houde Fund assets according to the Partnership Agreement, when dismissal and liquidation.

The manager will be paid management fees on an annual basis equivalent to 2% (in total) of the actual investment amount in Xugong Limited Project by Minpu Houde Fund.

Capital contribution : The following partners subscribed for the total capital contribution of RMB1,102,000,000 of Minpu Houde Fund, in cash:

- (1) Houpu Private Equity Investment (general partner) contributes RMB1,000,000, accounting for 0.09% of the total capital contribution;
- (2) Jingxiang Asset Management (general partner) contributes RMB1,000,000, accounting for 0.09% of the total capital contribution;
- (3) the Company (limited partner) contributes RMB500,000,000, accounting for 45.37% of the total capital contribution;
- (4) Fenxin Investment Management (limited partner) contributes RMB302,240,000, accounting for 27.43% of the total capital contribution;
- (5) Everbright Xinglong Trust (limited partner) contributes RMB200,000,000, accounting for 18.15% of the total capital contribution; and

- (6) Guizhou Railway Yiqi Liuhao (limited partner) contributes RMB97,760,000, accounting for 8.87% of the total capital contribution.

The capital contribution by each partner is determined by fair negotiations among all partners having taken into account the capital need and requirements of Minpu Houde Fund.

Return distribution : The distributable funds received by Minpu Houde Fund from Xugong Limited Project shall not be used for any new special-scheme investment.

After disposal or exit from Xugong Limited Project, the distributable funds from Xugong Limited Project shall be distributed in the following order: firstly to cover the unreturned actual capital contributions, secondly to distribute hurdle return, and finally to distribute the excess return.

While the hurdle rate is lower than 8% (simple interest) annually, the actual return shall be distributed to all partners based on their actual contribution proportion.

While the annualised rate of return of Minpu Houde Fund is greater than 8% (simple interest), the excess part shall be excess return. The 20% of excess return shall be awarded to the manager and investment consultant, and distributed in accordance with the investment management agreement, or any other agreement mutually entered into by the two parties, and the remaining 80% shall be distributed to all partners based on their actual contribution proportion.

THE REASON FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP INTEREST TRANSFER AGREEMENT AND PARTNERSHIP AGREEMENT

The reason for the Company acquiring partnership interest of the Minpu Houde Fund is to enhance the rate of return of its investment through the professional capacities provided the investment platform, and to improve the comprehensive competitiveness of the Company by exerting the resource advantages of all partners in their respective fields and ultimate to create value for all Shareholders.

Directors consider that the terms of the Partnership Interest Transfer Agreement and the Partnership Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, SHANGYAN INVESTMENT AND EXISTING 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.

Shangyan Investment

Shanghai Shangyan Investment Centre (Limited Partnership) was established in the PRC, and mainly engaged in industrial investment, investment management and investment consulting, an independent third party of the Company.

Houpu Private Equity Investment

Shenzhen Renmin Houpu Private Equity Investment Co., Ltd. was established in the PRC, and mainly engaged in equity investment, information consulting, corporate management consulting, economic information consulting and financial consulting.

Jingxiang Asset Management

Beijing Jingxiang Asset Management Co., Ltd. was established in the PRC, and mainly engaged in asset management, special scheme investment and investment management.

Everbright Xinglong Trust

Everbright Xinglong Trust Co., Ltd. was established in the PRC, and mainly engaged in asset management, special scheme investment and investment management.

Guizhou Railway Yiqi Liuhao

Guizhou Railway Yiqi Liuhao Equity Investment Fund Centre (Limited Partnership) was established in the PRC, and mainly engaged in equity investment.

Beijing Fenxin Investment

Beijing Fenxin Investment Management Co., Ltd. was established in the PRC, and mainly engaged in investment management, financial consulting and corporate management consulting.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the General Partners and the Limited Partners of the Minpu Houde Fund and their respective ultimate beneficial owners are third parties independent of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Partnership Interest Transfer Agreement and the Partnership Agreement and the transactions contemplated thereunder when aggregate with similar transaction conducted by the Group during the previous 12 months pursuant to Rule 14.22 of the Listing Rules exceeds 5% but less than 25%, the Partnership Interest Transfer Agreement and the Partnership Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise stated, the following words in this announcement have the definitions below:

“Board”	The board of directors of the Company
“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 H Shares have been listed on the Main Board of the Stock Exchange since 5 December 2016 (Stock Code: 1635)
“Directors”	the directors of the Company
“Everbright Xinglong Trust”	Everbright Xinglong Trust Co., Ltd., a limited liability company established in the PRC and an independent third party of the Company
“Existing Partners”	Houpu Private Equity Investment, Jingxiang Asset Management, Everbright Xinglong Trust, Guizhou Railway Yiqi Liuhao and Beijing Fenxin Investment
“Fenxin Investment Management”	Beijing Fenxin Investment Management Co., Ltd., a limited liability company established in the PRC and an independent third party of the Company
“General Partners”	Houpu Private Equity Investment and Jingxiang Asset Management
“Group”	the Company and its subsidiaries
“Guizhou Railway Yiqi Liuhao”	Guizhou Railway Yiqi Liuhao Equity Investment Fund Centre (Limited Partnership), a limited liability partnership established in the PRC and an independent third party of the Company

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Houpu Private Equity Investment”	Shenzhen Renmin Houpu Private Equity Investment Co., Ltd., a limited liability company established in the PRC and an independent third party of the Company
“Jingxiang Asset Management”	Beijing Jingxiang Asset Management Co., Ltd., a limited liability company established in the PRC and an independent third party of the Company
“Limited Partners”	the Company, Everbright Xinglong Trust, Guizhou Railway Yiqi Liuhao and Fenxin Investment Management
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Minpu Houde Fund”	Tianjin Minpu Houde Equity Investment Fund Partnership (Limited Partnership), a limited partnership incorporated in PRC on 10 June 2020
“Partnership Agreement”	the partnership agreement entered into among the Company, Houpu Private Equity Investment, Jingxiang Asset Management, Everbright Xinglong Trust, Guizhou Railway Yiqi Liuhao and Fenxin Investment Management on 19 August 2020
“Partnership Interest Transfer Agreement”	the partnership interest transfer agreement entered into by the Company, Shangyan Investment and Houpu Private Equity Investment on 19 August 2020
“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
“RMB”	Renminbi, the lawful currency of the PRC

“Shangyan Investment”	Shanghai Shangyan Investment Centre (Limited Partnership), a limited liability partnership established in the PRC and an independent third party of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	A Shares and H Shares
“%”	Percentage

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

Shanghai, PRC
20 August 2020

As of the date of this announcement, the Board consists of executive Directors Mr. Yang Guoping, Mr. Liang Jiawei, Mr. Wang Baoping and Mr. Yang Weibiao; non-executive Directors Ms. Qu Jia and Mr. Jin Yongsheng; and independent non-executive Directors Mr. Wang Kaiguo, Mr. Chow Siu Lui and Mr. Liu Zhengdong.

* *For identification purpose only*