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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)

PROPOSED NON-PUBLIC ISSUE OF THE CONVERTIBLE CORPORATE BONDS

The Board is pleased to announce that the Company proposes to non-publicly issue the convertible corporate bonds to meet the demand for production, operation and development and optimize the debt structure of the Company.

According to the laws and regulations of the PRC and the Articles, the proposed issue of the convertible corporate bonds is subject to the approval of the Shareholders by way of a special resolution and relevant regulatory authorities.

The first extraordinary general meeting of 2017 of the Company will be convened for, among other things, the approval of the proposed issue of the convertible corporate bonds. A circular containing details of the proposed issue of the convertible corporate bonds, together with the notice of the extraordinary general meeting, is expected to be dispatched to the Shareholders in due course.

PROPOSED ISSUE OF THE CONVERTIBLE CORPORATE BONDS

In order to meet the demand for production, operation and development and optimize the debt structure of the Company, the Board has approved the proposed non-public issue of the convertible corporate bonds.

According to the laws and regulations of the PRC and the Articles, implementation of the proposed issue of the convertible corporate bonds is subject to the approval of the Shareholders by way of a special resolution and relevant regulatory authorities.

1. OVERVIEW OF THE ISSUE

(I) Type of Bonds to be Issued

The type of the securities to be issued is convertible corporate bonds which can be converted into A shares of Dazhong Transportation (Group) Co., Ltd.* (大眾交通(集團)股份有限公司) (hereinafter referred to as “Dazhong Transportation”, stock code: 600611.SH) held by the Company.

(II) Issue Method and Size

The Convertible Corporate Bonds will be issued in a non-public manner, the size of which will be not more than RMB1.5 billion (inclusive) and which can be issued by tranches. A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the specific issuance size and issue tranches arrangements by negotiation with the lead underwriter in accordance with the then prevailing market conditions at the time of issuance.

(III) Par Value and Issue Price

The par value of the Convertible Corporate Bonds will be RMB100 each and they will be issued at par value.

(IV) Issue Target and Arrangements on Placement to Shareholders of the Company

The Convertible Corporate Bonds will be issued to eligible investors who comply with the requirements under the “Management Measures of Corporate Bond Issuance and Transaction” (《公司債券發行與交易管理辦法》) and other relevant regulations regarding management of investors’ eligibility. There will be no preferential allotment to the shareholders of the Company for the Convertible Corporate Bonds.

(V) Term and Type of Bonds

The term of the Convertible Corporate Bonds to be issued no more than 6 years (inclusive) from the date of issuance, with a single term and type or hybrid types with multiple terms. A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the composition of the detailed term and issuance size of each type of the Convertible Corporate Bonds after discussion and agreement with the lead underwriter in accordance with the then prevailing market conditions at the time of issuance.

(VI) Coupon Rate

The Convertible Corporate Bonds will be at fixed interest rates and shall remain fixed until the maturity date. The Convertible Corporate Bonds apply the simple annualized interest rate without any compound interest. A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the coupon rate after discussion and agreement with reference to the quotation results within the proposed rate range.

(VII) Initial Conversion Price

The initial conversion price of the Convertible Corporate Bonds shall not be lower than the highest of the average trading prices of A shares of Dazhong Transportation on the trading day immediately and for the 20 trading days preceding the date of publication of the offering document (in the event that during the above mentioned trading days, the share price has been adjusted due to ex-rights or ex-dividend, the trading price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price). A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the detailed initial conversion price after discussion and agreement with the lead underwriter with reference to the market conditions before the issuance.

(VIII) Security Measures

The A shares of Dazhong Transportation to be converted and its yields (including share transfer, bonus issue and cash dividend, excluding share increase, allotment and cash dividends which have been generated prior to the registration of trust security and should be attributable to the Company) is the guarantee property of the issuance of the Convertible Corporate Bonds. A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the proportion of guarantee and its calculation and other matters after discussion and agreement with the lead underwriter with reference to the market conditions at the time of issuance.

(IX) Use of Proceeds and Special Account for Raising Funds

The proceeds from the issuance of Convertible Corporate Bonds, after the deduction of issuance expense, shall be used to, including but not limited to, repay the Company's debts, supplement working capital of the Company and provide for project constructions. A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the amount and proportion of the above mentioned use of the proceeds in accordance with the actual conditions such as financial conditions of the Company.

The company will designate a special account for raising funds in accordance with the relevant laws and regulation for the receipt, storage, transfer and payment of principal and interest for the proceeds for the issuance of Convertible Corporate Bonds.

(X) Measures to Ensure Repayment

The Company will formulate a series of work plans for the timely and full payment of the Convertible Corporate Bonds, including but not limited to determining the relevant department and personnel, establishing management measures, organizing and coordinating and strengthening information disclosure.

(XI) Listing and Transfer Arrangements of Bonds

After the issuance of the Convertible Corporate Bonds, the Company will submit application to the Shanghai Stock Exchange for the listing and transfer of the Convertible Corporate Bonds. A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine the detailed listing and transfer arrangement in accordance with requirements of regulatory authorities.

(XII) Underwriting Method

The lead underwriter is responsible for the formation of underwriting syndicate to underwrite the Convertible Corporate Bonds in way of standby commitment.

(XIII) Other Matters

A proposal will be presented to the general meeting for authorizing the Board or the authorized person of the Board to determine other matters related to the issuance of the Convertible Corporate Bonds (including but not limited to the name of bonds, the terms and method of interest payment, the terms of the redemption, the terms of repurchase, the terms of the conversion, the adjustment of the conversion price and the downward revision) after discussion and agreement with the lead underwriter with reference to the market conditions at the time of issuance.

(XIV) Validity Period of Resolution

The shareholder's resolutions regarding the issue of the Convertible Corporate Bonds shall be valid for a period of 24 months from the date of passing of the resolutions at the general meeting. Where the Company has, during the validity period of the above resolution, decided the issue of the Convertible Corporate Bonds, and provided that the Company has also, during the validity period of the above resolution, obtained the approval, license, registration notice or registration from the regulatory authorities on the issue, the Company may, during the validity period confirmed by such approval, license, registration notice or registration, complete the relevant issuance.

2. AUTHORIZATION MATTERS

To ensure effective coordination of the issue of the Convertible Corporate Bonds and other detailed matters in connection with the issue, a resolution will be proposed at the general meeting by the Board to authorize the management to deal with, at its/their sole discretion, all matters in connection with the issue of Convertible Corporate Bonds within the framework and under the principles approved at the general meeting, including but not limited to:

1. According to the requirements of laws, regulations, rules and normative documents and the resolution passed on the general meeting of the Company, combined with the actual situation of the Company and the market, determining the final plan and terms of the issuance of the Convertible Corporate Bonds, including but not limited to the detailed issue size, term, target, issue tranches, term of conversion, initial conversion price, security measures, bonds interest rates, detailed use of proceeds, adjustment of the conversion price and the downward revision, the mechanism of redemption and repurchase, credit rating, debt repayment security and transaction arrangements, the timing the issuance, setting up of debt repayment security account and special account for raising funds and other matters related to the issue plan.
2. Engaging the intermediaries and bond trustees who will provide service for the issuance of the Convertible Corporate Bonds.
3. Actually implementing the matters of applications for issuance and listing and transfer of the Convertible Corporate Bonds, including but not limited to formulating, signing, revising, submitting, executing the agreements, filings, feedback documents, announcements of disclosures and other legal documents related to the issuance of the Convertible Corporate Bonds.
4. According to the requirements of laws, regulations, rules and normative documents and the provisions of the issuance documents, actually conducting the management during the term of the Convertible Corporate Bonds, including but not limited to information disclosures, repayment of principals and payment of interests, implementation of the adjustment of the conversion price and the downward revision, implementation of redemption and repurchase and other matters.
5. Due to changes of laws and regulations, regulatory policy and market condition or in the event of force majeure, except for matters which must be re-voted on the general meeting according to the relevant laws, regulation, rules, normative documents, regulatory requirements and the provisions of Article of Association, revising, adjusting the detailed plan of the issuance of the Convertible Corporate Bonds or determining whether to postpone the issuance or whether or not to continue according to the circumstances, as appropriate.

Among the above authorization, except for item 4 (the validity period of which is within the duration of the Convertible Corporate Bonds), other matters shall be valid for a period of 24 months from the date of passing of the resolutions at the general meeting of the Company. Where the Company has, during the validity period of the above resolution, decided the issue of the Convertible Corporate Bonds, and provided that the

Company has also, during the validity period of the above resolution, obtained the approval, license, registration notice or registration from the regulatory authorities on the issue, the Company may, during the validity period confirmed by such approval, license, registration notice or registration, complete the relevant issuance.

A general meeting of the Company will be convened for, among other things, the approval of the proposed non-public issue of the convertible corporate bonds.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meaning set out below:

“Articles”	the Articles of Association of the Company, as amended, modified or otherwise supplemented from time to time;
“Board”	the board of directors of the Company;
“Company”	Shanghai Dazhong Public Utilities (Group) Co., Ltd.*
“Convertible Corporate Bonds”	the convertible corporate bonds of not more than RMB1.5 billion (inclusive) in aggregate proposed to be issued by the Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excluding 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; and
“Shareholders”	the Shareholders of the Company.

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

Shanghai, the People’s Republic of China
25 May 2017

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

* For identification purposes only