If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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

(incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	478,940,000 H Shares (comprising 435,400,000 H Shares to be offered by our Company and 43,540,000 Sale Shares to be sold by the Selling Shareholders, subject to the Over-allotment Option)
Number of Hong Kong Public Offer Shares	:	47,894,000 H Shares (subject to adjustment)
Number of International Offer Shares	:	431,046,000 H Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK$4.25 per H Share (payable in full on application, plus a brokerage of 1.0%, an SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005% and subject to refund)
Nominal value	:	RMB1.00 per H Share
Stock code	:	1635

Joint Sponsors, Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers

CICC 中金香港证券

HA

Latest time to complete electronic applications under the White Form eIPO service through the designated website www.eipo.com.hk [(2)] . . . . . 11:30 a.m. on Monday, November 28, 2016

Application lists open[(3)] . . . . . 11:45 a.m. on Monday, November 28, 2016

Latest time to lodge WHITE and YELLOW Application Forms . . . . . 12:00 noon on Monday, November 28, 2016

Latest time to give electronic application instructions to HKSCC[(4)] . . . . . 12:00 noon on Monday, November 28, 2016

Latest time to complete payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Monday, November 28, 2016

Application lists close[(3)] . . . . . 12:00 noon on Monday, November 28, 2016

Expected Price Determination Date[(5)] . . . . . Monday, November 28, 2016

Announcement of:

(i) the Offer Price;

(ii) the level of indication of interest in the International Offering;

(iii) the level of applications in the Hong Kong PublTc [(... .9(e Tz2s4126(e)0(/F1)29.9(e)0(r)v4.7(i978)]T

Results of allocations in the Hong Kong Public Offering (with successful applicants• identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed •How to Apply for Hong Kong Public Offer Shares „ 11. Publication of ResultsŽ from . . . . . Friday, December 2, 2016

Results of allocations for the Hong Kong Public Offering will be available at www.iporesults.com.hk , with a •search by IDŽ function from . . . . . Friday, December 2, 2016

Dispatch of H Share certificates in respect of wholly or partially successful applications on or before(6) . . . . . Friday, December 2, 2016

Dispatch of refund cheques or White Form e-Refund payment instructions in respect of wholly or partially unsuccessful applications on or before(7)(8) . . . . . Friday, December 2, 2016

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence on . . . . . Monday, December 5, 2016

Notes:

(1) All times refer to Hong Kong local time, except otherwise stated. Details .9(ai0(Det)9.9(S72.9(st)9.94.7(uc9ionsu.9(e)-317.9(.9(ai)

(6) H Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Friday, December 2,

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our H Shares.

There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our H Shares.

OVERVIEW

We are a leading public utility service provider in Shanghai that complements our operations with strategic and financial investments in our associated companies in public utility and other industries, from which we generated a significant portion of our profit during the Track Record Period. The public utility services we provide include piped gas supply, wastewater treatment and public infrastructure projects. We generate a healthy cash flow from our main operations and we make selective strategic and financial investments, on a selective and opportunistic basis, to better utilize our cash balance. As a result, during the Track Record Period, we generated a substantial portion of our profit from our investment portfolio, in particular our associated companies. We believe investments in our associated companies serves our strategic goal and enhances the value of our Company, even though profit contributed from such investments does not necessarily correspond to cash inflow for any given fiscal year. We have been listed on the Shanghai Stock Exchange since 1993 with a market capitalization of approximately RMB15 billion as of the Latest Practicable Date and we are currently seeking a dual primary listing on the Hong Kong Stock Exchange.

We were the largest of the three suppliers of piped gas in Shanghai Urban Area in terms of

OUR BUSINESSES

The table below sets forth revenue contribution from our operational segments for the indicated periods:

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	RMB•000	%	RMB•000	%	RMB•000	%	RMB•000 (Unaudited)	%	RMB•000	%
Public utility services										
Piped gas supply	3,695,224	94.0	3,960,609	94.0	4,359,700	94.4	2,478,541	95.1	2,379,022	93.5
Wastewater treatment	167,294	4.3	166,371	4.0	148,256	3.2	83,020	3.2	94,068	3.7
Public infrastructure projects	67,331	1.7	63,289	1.5	58,112	1.3	29,915	1.2	28,687	1.1
	3,929,849	100.0	4,190,269	99.5	4,566,068	98.9	2,591,476	99.5	2,501,777	98.3
Financial services										
Micro-credit	...	...	22,288	0.5	28,996	0.6	12,844	0.5	10,907	0.5
Financial leasing	...	...	...	...	21,531	0.5	1,023	...	31,341	1.2
Total	3,929,849	100.0	4,212,557	100.0	4,616,595	100.0	2,605,343	100.0	2,544,025	100.0

We generated the substantial majority of our revenue from piped gas supply operations. Revenue decreased by 2.4% from RMB2,605.3 million in the six months ended June 30, 2015 to RMB2,544.0 million in the six months ended June 30, 2016, primarily due to revenue decrease in pipeline construction. For more details and analyses on our revenue during the Track Record Period, please refer to •Financial Information „ Description of Selected Line Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income „ RevenueŽ.

The table below sets forth the breakdown of gross profits and gross profit margin of our operational segments for the indicated periods:

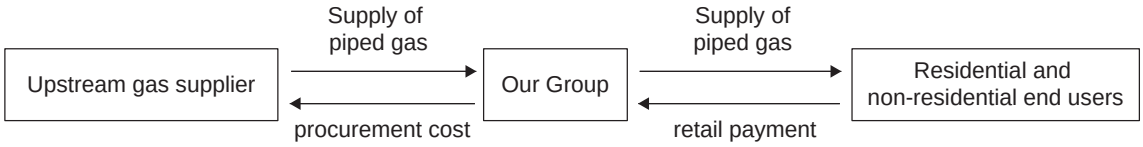
	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	RMB•000	%	RMB•000	%	RMB•000	%	RMB•000 (Unaudited)	%	RMB•000	%
Public utility services										
Piped gas supply	304,735	8.2	338,027	8.5	546,293	12.5	385,678	15.6	276,539	11.6
Wastewater treatment	107,484	64.2	109,273	65.7	87,583	59.1	53,879	64.9	53,904	57.3
Public infrastructure projects	56,560	84.0	52,274	82.6	46,847	80.6	24,282	81.2	22,437	78.2
Financial services [(1)]										
Micro-credit	...	...	21,177	95.0	27,488	94.8	12,189	94.9	10,443	95.7
Financial leasing	...	...	...	...	21,397	99.4	1,023	100.0	31,341	100.0
Total	468,779	11.9	520,751	12.4	729,608	15.8	477,051	18.3	394,664	15.5

Note:

(1) Cost of sales associated with financial services consisted mainly of applicable business tax. The majority of cost attributable to financial services was interest payments on loans we borrowed to fund the financial services. Such interest payments were recognized as finance cost and not cost of sales associated with financial services. As such, the gross profit and gross profit margin are not indicative of our results attributable to financial services.

For more details and analysis on the gross profit and gross profit margin of our operational segments during the Track Record Period, please refer to •Financial Information „ Description of Selected Line Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income „ Gross Profit and Gross Profit MarginŽ.

The chart below illustrates the model of our piped gas operations during the Track Record Period:



We conduct our piped gas supply operations in Shanghai through our subsidiary, Shanghai Dazhong Gas. Shanghai Gas Group and our Company each holds a 50% equity interest in Shanghai Dazhong Gas. Shanghai Gas Group is a state-owned enterprise and a minority shareholder of our Company. We control the daily operations and business decision-making of Shanghai Dazhong Gas. We conduct our piped gas supply operations in Nantong Area through our subsidiary, Nantong Dazhong Gas. Shanghai Dazhong Gas Investment and Nantong Gas General each owns a 50% equity interest in Nantong Dazhong Gas, Nantong Gas General is a state-owned enterprise and is an Independent Third Party. We control the daily operations and business decision-making of Nantong Dazhong Gas. For more details, please refer to the section •Financial Information „ Critical Accounting Policies and Judgements „ Judgements „ Consolidation of entities in which the Group holds 50% voting rightsŽ.

We conduct our piped gas supply operations in Shanghai and Nantong Area under gas operation permits issued by the competent government authorities. We did not hold any concession rights and did not enter into any concession agreement as of the Latest Practicable Date, primarily because the competent government authorities were still in the process of formulating regulatory procedures pursuant to which concession rights will be granted. We obtained written confirmations from the competent government authorities in Shanghai and Nantong Area that we have legally obtained our gas operation permits and have the requisite regulatory qualifications to conduct gas supply business in Shanghai and Nantong Area, respectively. For more details, please refer to the sections •Business „ Our Public Utility Service Business „ Piped Gas Supply Operations „ Operations in the Absence of a Concession Agreement in ShanghaiŽ and •Business „ Our Public Utility Service Business „ Piped Gas Supply Operations „ Operations in the Absence of a Concession Agreement in Nantong AreaŽ.

According to the PRC Pricing Law, the PRC government may direct, guide or adjust the prices of public utilities. NDRC sets the gateway station prices of piped gas, and may adjust such prices from time to time. Local government authorities, such as Shanghai DRC and Nantong Price Bureau, upon approval from the local municipal government, set the benchmark and/or maximum piped gas retail prices generally with a reference to the gateway station prices. In Shanghai, guidance procurement price of piped gas is set by Shanghai Construction Administration. In Nantong Area, our procurement price of piped gas is negotiated with the upstream piped gas supplier generally with a reference to the gateway station prices. Please refer to the section •Regulatory Overview „ The Laws and Regulations of the PRC relating to the Municipal Public Utilities Industry „ Natural Gas Supply and Sales Business „ Natural gas pricing mechanismŽ.

Wastewater Treatment Services

We conduct our wastewater treatment operations through BOT and TOT arrangements, in which we are entitled to operate our wastewater treatment plants for a concession period in exchange for service fees payable to us by the relevant local governments. The fees we receive during the concession periods are based on the treatment volume and the unit price. According to the CIC Report, our market share in Shanghai and Xuzhou Area in terms of total wastewater

treatment volume in 2014 was 2.04% and 20.74%, respectively. The table below sets forth details of our wastewater treatment plants as of June 30, 2016:

	Shanghai Project		Xuzhou Project						
	Jiading [2]		Sanbahe		Jiawang [3]	Peixian		Pizhou [3]	Lianyungang
Phase	Phase I and II	Phase III	Phase I	Phase II	Phase I	Phase I	Phase II	Phase I	
Contract type	BOT	BOT	BOT	BOT	BOT	BOT	BOT	TOT	BOT
Concession period (years)	30	20	25	25	28	30	30	30	26
End of concession period	2036	2036	2028	2036	2034	2035	2038	2034	2032
Initial contract date	July 2006	March 2016	March 2003	December 2010	March 2005	May 2005	May 2008	November 2004	July 2004
Unit treatment price (RMB/m^3)	1.21	1.69	1.00	1.00	1.08	0.96	0.96	1.19	1.07
Water quality requirement (Class) [1]	II	I	I	I	I & II	I & II	I	I	II
Designed capacity (m^3/day)	100,000	75,000	30,000	40,000	20,000	25,000	25,000	20,000	20,000

Notes:

(1) As defined in Urban Wastewater Treatment Plant Discharge Standards (ì D î å ˆ # @ î Q J ° ó z _) (GB18918-2002).

(2) Under the BOT agreement with Jiading District Water Gerer quality requirement

Public Infrastructure Projects

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets forth our consolidated statements of profit or loss and other comprehensive income:

SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, Shanghai Dazhong Business Management, our largest Shareholder, held 495,143,859 Shares, representing approximately 20.07% of our registered share capital. Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, Shanghai Dazhong Business Management is expected to continue to be the largest Shareholder and to hold 495,143,859 Shares, representing approximately 17.06% of our registered share capital.

To ensure that Shanghai Dazhong Business Management does not compete with our Company, we entered into a non-competition agreement with Shanghai Dazhong Business Management before Listing which will be effective upon Listing. For details, please refer to the section •Substantial ShareholdersŽ.

FORFEITURE OF GAINS EARNED BY SHAREHOLDERS

Pursuant to the Articles of Association, any gains from the sale of shares of the Company by, among others, any of the Company•s shareholders holding 5% or more of the shares in the Company within six months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six months after the sale thereof, shall be vested in the Company. The Board of Directors of the Company shall forfeit such gains from such shareholders. However, where the securities company, as the sole underwriter, purchases all the unsold shares and therefore holds more than 5% of the shares in the Company, sale of such shares is exempted from the six-month restriction. As advised by our PRC legal advisers, Jin Mao P.R.C. Lawyers, such provisions shall, as part of the Articles of Association, apply to all shareholders of the Company. For details, please refer to •Appendix V „ Summary of the Articles of Association „ Share TransfersŽ and •Appendix IV „ Summary of Principal Legal and Regulatory Provisions „ Securities Laws and RegulationsŽ.

RECENT DEVELOPMENT

On July 14, 2016, to further incentivize the management of Pizhou Fountainhead Water and Xuzhou Fountainhead Sewage to improve operational efficiency, we transferred 51% equity interests in Pizhou Fountainhead Water and 51% equity interests in Xuzhou Fountainhead Sewage to certain members of the management of Pizhou Fountainhead Water and Xuzhou Fountainhead Sewage, respectively, for a total consideration of RMB14.5 million and RMB12.2 million, respectively. For more details, please refer to •History, Development and Corporate Structure „ History and Development „ Disposals after June 30, 2016Ž.

In September 2016, we issued the first tranche of ultra-short term notes in an aggregate principal amount of RMB300 million with a term of 270 days and an interest rate of 2.90% per annum. For more details, please refer to •Financial Information „ Indebtedness „ Corporate BondsŽ.

We are a public company listed on the Shanghai Stock Exchange and we are required under the relevant PRC securities laws and regulations to disclose unaudited quarterly financial statements. We have included our unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2016 in •Appendix IB „ Unaudited Interim Financial InformationŽ to this prospectus, which have been prepared under IFRS and reviewed by our Reporting Accountant in accordance with Hong Kong Standard on Review Engagements 2410.

The trends in changes in revenue, gross profit and gross profit margin in the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015 were generally in line with the changes in the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. For the detailed analyses and the year-on-year comparison of our results of operations in the six months ended June 30, 2015 and 2016, please refer to •Financial Information „ Results of Operations „ Six Months Ended June 30, 2016 Compared with Six Months Ended June 30, 2015Ž.

Share of results of associates increased by 55.5% from RMB223.1 million in the nine months ended September 30, 2015 to RMB346.8 million in the nine months ended September 30, 2016, primarily due to the increase in share of results from Shenzhen Capital Group, which was in turn a result of the increase in its net profit during the period. Share of results from Dazhong Transportation Group and Shenzhen Capital Group accounted for 31.3% and 49.3% of

total share of results of associates in the nine months ended September 30, 2016, respectively. Net profit decreased by 8.0% from RMB546.1 million in the nine months ended September 30, 2015 to RMB502.2 million in the nine months ended September 30, 2016. The decrease was primarily due to the decrease in gross profit in the nine months ended September 30, 2016 and the one-time gain on partial disposal of equity interest in Dazhong Transportation Group in the nine months ended September 30, 2015, which was partially offset by the increase in share of results of associates in the nine months ended September 30, 2016.

We had net current liabilities of RMB1,658.1 million as of September 30, 2016. Trade and bills payables due to Shanghai Gas Group was RMB1,118.1 million, which accounted for 71.5% of our total trade and bills payables as of September 30, 2016. As of September 30, 2016, we had cash and cash equivalent of RMB2,283.9 million.

LISTING EXPENSES

We have incurred legal, professional and other fees with respect to the Listing. In accordance with the relevant accounting standards, listing related fees that are directly attributable to issuance of new Shares are recorded as prepaid expenses, which will be deducted from equity upon the Listing. The remaining listing related fees are charged to statements of profit or loss and other comprehensive income. Assuming the Over-Allotment Option is not exercised and based on our Offer Price of HK$3.80 per Offer Share (being the mid-point of the indicative Offer Price range), we expect that the total amount of listing related expense, including underwriting commission, would be approximately RMB110.0 million. We expect listing expenses excluding underwriting commission and incentive bonus would be approximately RMB54.5 million, of which RMB7.1 million will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending December 31, 2016.

OFFERING STATISTICS[(1)]

	Based on an Offer Price of HK$3.35 per H Share	Based on an Offer Price of HK$4.25 per H Share
Market capitalization of our H Shares[(2)]	HK$1,604 million	HK$2,035 million
Unaudited pro forma adjusted net tangible asset value per Share as of September 30, 2016[(3)]	HK$2.62	HK$2.75

Notes:

(1) All statistics in the table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on 478,940,000 H Shares to be issued and outstanding immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II •Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share Attributable to the Owners of the CompanyŽ in this prospectus and on the basis of 2,902,704,675 Shares being issued and outstanding immediately following the completion of the Global Offering.

FUTURE PLANS AND USES OF PROCEEDS

Assuming an Offer Price of HK$3.80 (being the mid-point of the indicative Offer Price range), we estimate that we will receive net proceeds of approximately HK$1,528.2 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

(i) approximately 35% will be used for investments in the piped gas supply business;

(ii) approximately 30% will be used for investments in the wastewater treatment business;

(iii) approximately 25% will be used for investments in other public utility businesses; and

(iv) the remaining amount of not more than 10% will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range. For more details, please refer to the section •Future Plans and Use of ProceedsŽ. We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering.thRISK317.9(F)2979(.)A9.8(f)CT9.8(f)ORSTJ /F3F1 Tf 9.4 -1 2D [(thThe1

•BOTŽ	Build-Operate-Transfer, a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the rights to undertake the financing, construction, operation and maintenance of municipal facilities in a concession period, during which the enterprise can charge service fees to cover its costs of investment, operation and maintenance and obtain reasonable returns, while, upon the expiration of the concession period, the relevant facilities will be transferred back to the government
•BTŽ	Build and Transfer, a project model whereby an enterprise undertakes the financing and construction of a facility for the proprietor for certain fees to be paid during and upon the completion of the construction
•Business DayŽ	any day (excluding a Saturday, or a Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
•CAGRŽ	compound annual growth rate
•CBRCŽ	China Banking Regulatory Commission (• 7 Õ 8 9 – M # ‰ p 6)
•CCASSŽ	the Central Clearing and Settlement System established and operated by HKSCC
•CCASS Clearing ParticipantŽ	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
•CCASS Custodian ParticipantŽ	a person admitted to participate in CCASS as a custodian participant
•CCASS Investor ParticipantŽ	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
•CCASS Operational ProceduresŽ	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force

•CCASS ParticipantŽ	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
•ChinaŽ or the •PRCŽ	the People•s Republic of China excluding, for the purpose of this prospectus, the Hong Kong Special Administrative Region of China, the Macau Special Administrative Region of China and Taiwan
•China Resources GasŽ	China Resources Gas (Group) Co., Ltd.* (6 — ÷ («) Þ " ® !)
•Chinese Culture InvestmentŽ	Chinese Culture Industry Equity Investment (Shanghai) Center (Limited partnership)* (6 [Ö · * 8 p Æ ³ (j) • Ð (Þ " ¥ «))
•CICŽ	China Insights Consultancy Limited, an independent market research and consulting company which prepared the CIC Report
•CIC ReportŽ	the industry report produced by CIC
•CNGŽ	compressed natural gas
•CNPCŽ	China National Petroleum Corporation* (• 7 i 0 Â ÷ « ® !)
•Companies (Winding Up and Miscellaneous Provisions) OrdinanceŽ	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
•Companies OrdinanceŽ	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

•CompanyŽ or •our CompanyŽ	Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (} : ® \ + 8 («) p ... Þ " ® !), formerly known as Shanghai Pudong Dazhong Taxi Co., Ltd.* (j } : a Û p ... Þ " ® !) and Shanghai Dazhong Enterprises of Science and Technology Ltd.* (j } : Å ¦ ô 8 («) p ... Þ " ® !), a joint stock company with limited liability incorporated in the PRC on January 1, 1992, whose A Shares have been listed on the Shanghai Stock Exchange since March 4, 1993 (Stock Code: 600635.SH)
•CSRCŽ	China Securities Regulatory Commission (• 7 Ç N 9 – M # ‰ p 6)
•Dazhong Hong Kong InternationalŽ	Dazhong (Hong Kong) International Corporation Limited (} : (0 ¥) 7 ç Þ " ® !), a limited liability company incorporated in Hong Kong on November 10, 2008 and our indirect wholly-owned subsidiary, owned as to 95.24% by our Company and 4.76% by Shanghai Dazhong Asset Management
•Dazhong InsuranceŽ	Dazhong Insurance Co., Ltd.* (} : - ˆ p ... Þ " ® !) (now known as Starr Property & Casualty Insurance (China) Company Limited* (& m Ì * - ˆ p ... Þ " ® !))
•Dazhong Transportation GroupŽ	Dazhong Transportation (Group) Co., Ltd.* (} : t · («) p ... Þ " ® !), a joint stock company with limited liability incorporated in the PRC on n a joint st oc4,19n 65 0 TSH) ompSH)

•gateway station priceŽ	the benchmark price determined by the NDRC for wholesale of piped gas sold by upstream supplier to local gas distributors
•GBDCLŽ	Galaxy Building & Development Corporation Limited, a limited liability company incorporated in Hong Kong on September 17, 2012 and our indirect wholly-owned subsidiary through Dazhong Hong Kong International
•GDPŽ	gross domestic product
•Global OfferingŽ	the Hong Kong Public Offering and the International Offering
•GREEN application form(s)Ž	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
•GroupŽ, •weŽ or •usŽ	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require), or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
•H Share(s)Ž	overseas listed foreign share(s) in our registered share

•Hangzhou Qiantang Sewage	Hangzhou Xiaoshan Qiantang Sewage Co., Ltd.* (È = † z è î å ˆ # Þ " ® !), a limited liability company incorporated in the PRC on February 11, 2004 and owned as to 90% by Shanghai Dazhong Environment and 10% by Hangzhou Xiaoshan Sewage Co., Ltd.* (È = † î å ˆ # Þ " ® !), an Independent Third Party
•HK$ or •HK dollars or •Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
•HKSCC	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
•HKSCC Nominees	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
•Hong Kong or •HK	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 Public Offer Shares	47,894,000 H Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section •Structure of the Global Offering)
•Hong Kong Public Offering	the issue and offer for subscription of the Hong Kong Public Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section •Structure of the Global Offering) at the Offer Price (plus brokerage, SFC transaction levies, and Hong Kong Stock Exchange trading fees), subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms as further described in the section •Structure of the Global Offering „ Hong Kong Public Offering
•Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
•Hong Kong Underwriters	the underwriters of the Hong Kong Public Offering listed in the section •Underwriting

•Hong Kong Underwriting AgreementŽ	the underwriting agreement dated November 22, 2016 relating to the Hong Kong Public Offering entered into by, among others, our Company, Shanghai Dazhong Business Management and the Hong Kong Underwriters, as further described in the section •Underwriting „ Hong Kong Underwriting ArrangementsŽ
•IFRSŽ	International Financial Reporting Standards, which include the International Accounting Standards, amendments and interpretations issued by the International Accounting Standards Board
•Independent Third Party(ies)Ž	person(s) or company(ies) which is(are) not a connected person(s) (as defined in the Hong Kong Listing Rules) of our Company
•Industrial SecuritiesŽ	Industrial Securities Co., Ltd.* (3 8 Ç N p ... Þ " ® !) (Stock Code: 601377.SH)
•International Offer SharesŽ	431,046,000 H Shares being initially offered under the International Offering together, where relevant, with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option, the number of which is further subject to adjustment as described in the section •Structure of the Global OfferingŽ
•International OfferingŽ	the offering of the International Offer Shares at the Offer Price outside the United States in accordance with Regulation S or another available exemption from registration requirement of the Securities Act, as further described in the section •Structure of the Global OfferingŽ
•International UnderwritersŽ	the underwriters of the International Offering that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
•International Underwriting AgreementŽ	the underwriting agreement relating to the International Offering, which is expected to be entered into on or around November 28, 2016 by, among others, our Company (for ourselves and on behalf of the Selling Shareholders), Shanghai Dazhong Business Management and the International Underwriters

•Interstellar Capital InvestmentŽ	Interstellar Capital Investment Co., Limited, a limited liability company incorporated in Hong Kong on December 19, 2014 and our indirect wholly-owned subsidiary through Shanghai Dazhong Asset Management
•Jiangsu Dazhong WaterŽ	Jiangsu Dazhong Water Group Co., Ltd.* (ê = } : å « Þ " ® !), (formerly known as Xuzhou Yuanquan Environment Engineering Co., Ltd.* (± È U p - ˆ û Þ " ® !) and Xuzhou Dazhong Yuanquan Environment Industry Co., Ltd.* (± È } : U p ¤ * 8 Þ " ® !)), a

•Listing	the listing of our H Shares on the Main Board of the Hong Kong Stock Exchange
•Listing Committee	the Listing Committee of the Hong Kong Stock Exchange
•Listing Date	the date, expected to be on or around December 5, 2016, on which our H Shares are listed on the Hong Kong Stock Exchange and from which dealings in our H Shares are permitted to take place on the Hong Kong Stock Exchange
•LNG	liquefied natural gas, refers to natural gas that has been

•Ministry of FinanceŽ	Ministry of Finance of the PRC (• 6 [O • q 7 Ì A Å)
•MOFCOMŽ	Ministry of Commerce of the PRC (• 6 [O • q 7 Å)
•MOHURDŽ	the Ministry of Housing and Urban-Rural Development of the PRC (• 6 [O • q 7 Ò q ì Š £ Å)
•Nantong AreaŽ	Nantong urban area (includes Chongchuan and Gangzha districts, Nantong Development Zone and Sutong Industrial Park) and Rudong County in Jiangsu Province, China
•Nantong Dazhong GasŽ	Nantong Dazhong Gas Co., Ltd.* (Ì · } : ÷ Þ " ® !), a limited liability company incorporated in the PRC on December 11, 2003 and owned as to 50% by Shanghai Dazhong Gas Investment and 50% by Nantong Gas General
•Nantong Development Zone GasŽ	Nantong Development Zone Dazhong Gas Co., Ltd.* (Ì · š ï } : ÷ Þ " ® !), a limited liability company incorporated in the PRC on February 5, 2007 and wholly-owned by Nantong Dazhong Gas
•Nantong Gas EquipmentŽ	Nantong Dazhong Gas Equipment Co., Ltd.* (Ì · } : ÷ £ ê Þ " ® !), a limited liability company incorporated in the PRC on April 28, 2004 and owned as to 80% by Nantong Dazhong Gas and 20% by Mr. Yang Jun (@), the general manager of Nantong Gas Equipment
•Nantong Gas GeneralŽ	Nantong City Gas General Group* (Ì · 9 ÷ < ® !), a state-owned enterprise and an Independent Third Party
•Nantong Gas InstallationŽ	Nantong Dazhong Gas Installation Engineering Co., Ltd.* (Ì · } : ÷ Ä ˆ û Þ " ® !), a limited liability company incorporated in the PRC on May 25, 1990 and wholly-owned by Nantong Dazhong Gas
•NDRCŽ	National Development and Reform Commission of the PRC (• 6 [O • q 7 7 • ï • q · ' ‰ p 6)
•NSSFŽ	National Council for Social Security Fund of the PRC (• 6 [O • q 7 Œ 7 _ 6 - æ ? – # + 6)

•Offer PriceŽ	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levies, and Hong Kong Stock Exchange trading fees) of not more than HK$4.25 and expected to be not less than HK$3.35, such price to be agreed upon by our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Representatives (for themselves and on behalf of the Underwriters) on or before the Price Determination Date
•Offer SharesŽ	the Hong Kong Public Offer Shares and the International Offer Shares
•Over-allotment OptionŽ	the option granted by us and the Selling Shareholders to the Joint Representatives, pursuant to which we may be required to allot and issue and the Selling Shareholders may be required to sell up to 71,841,000 additional H Shares (representing in aggregate 15% of the H Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allocations in the International Offering, details of which are described in the section •Structure of the Global OfferingŽ
•PBOCŽ	the People•s Bank of China (• 7 [O Õ), the central bank of the PRC
•Peixian Fountainhead WaterŽ	Peixian Fountainhead Water Operation Co., Ltd.* (Ò $ U p å 6 Þ " ® !), a limited liability company incorporated in the PRC on April 24, 2007 and wholly-owned by Jiangsu Dazhong Water
•Pizhou Fountainhead WaterŽ	Pizhou Fountainhead Water Operation Co., Ltd.* (S È U p å 6 Þ " ® !), a limited liability company incorporated in the PRC on December 2, 2004 and owned as to 49% by Jiangsu Dazhong Water, our subsidiary, 15% by Mr. Li Fanqun (½ m Ê), the standing vice general manager (l < ¾ #) of Jiangsu Dazhong Water, 12% by Ms. Lv Xuanhui (P I), the vice general manager (< ¾ #) of Jiangsu Dazhong Water, 12% by Mr. Ge Yanwu (ä c), the financial controller (Ì < 9) of Jiangsu Dazhong Water and 12% by Mr. Zhang Wei (u

•PPP reform programŽ	the public-private-partnership (ÿ ¥ Ô Þ S) reform program for SOEs as promoted by the PRC central government
•PRCŽ	People•s Republic of China
•PRC Company LawŽ or •Company LawŽ	the Company Law of the PRC (• 6 [O • q 7 ® ! ,), as amended and adopted by the Standing Committee of the Tenth National People•s Congress of the PRC on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on December 28, 2013 to take effect on March 1, 2014
•PRC GAAPŽ	generally accepted accounting principles in the PRC
•PRC governmentŽ or •stateŽ	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them
•PRC Pricing LawŽ	the Pricing Law of the PRC promulgated by the Standing Committee of National People•s Congress on December 29, 1997, effective from May 1, 1998
•Price Determination DateŽ	the date, expected to be on or around November 28, 2016 or such other date as may be agreed between our Company and the Joint Representatives, but no later than November 30, 2016, on which the Offer Price is fixed for

•Reporting AccountantsŽ	BDO Limited
•RMBŽ or •RenminbiŽ	Renminbi Yuan, the lawful currency of the PRC
•Rudong Dazhong GasŽ	Rudong Dazhong Gas Co., Ltd.* (½ } : ÷ Þ " ® !), a limited liability company incorporated in the PRC on February 8, 2006 and owned as to 70% by Nantong Dazhong Gas and 30% by Rudong County Kaitai Urban Construction Investment Co., Ltd.* (½ $ š ì ³ Þ " ® !), an Independent Third Party
•SAFEŽ	State Administration of Foreign Exchange of the PRC (• 6 [O • q 7 7 • . Ò M # …)
•SAICŽ	the State Administration for Industry and Commence of the PRC (• 6 [O • q 7 7 • ˆ A M # < …)
•Sale SharesŽ	the 43,540,000 H Shares and, where relevant, any additional H Shares which may be sold by the Selling Shareholders pursuant to the exercise of the Over-allotment Option. The Selling Shareholders will convert an equal number of A Shares held by them to be offered for sale as the Sale Shares, subject to any adjustments as provided in •Structure of the Global OfferingŽ. References to •Sale SharesŽ include, where the context requires, the A Shares from which the Sale Shares are converted
•SASACŽ	State-owned Assets Supervision and Administration Commission of the State Council (7 ë 7 Þ * 9 – M # ‰ p 6)
•Securities ActŽ	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

•SEISYSŽ	Shanghai Electronic Intelligence System Co., Ltd.* (j e Å } • û U p ... Þ " ® !), a limited liability company incorporated in the PRC on December 12, 2007 and owned as to 28% by our Company, 2.5% by Shanghai Dazhong Technology Co., Ltd.* (j } : Å ¦ Þ " ® !), a subsidiary of one of our associated companies, 2% by Mr. Zhuang Ziguo (• 7), chief economist (< ¾ ö ª) of Shanghai Dazhong Gas, 2% by Mr. Luo Minwei (¯ O), chief financial officer of Dazhong Transportation Group and 65.5% by three Independent Third Parties
•Selling ShareholdersŽ	the state-owned shareholders, collectively, who are required to reduce their shareholding pursuant to the relevant PRC regulations relating to disposal of state-owned shares, as further described in the section •Information about this Prospectus and the Global Offering „ The Selling ShareholdersŽ
•SFCŽ	the Securities and Futures Commission of Hong Kong
•SFOŽ or •Securities and Futures OrdinanceŽ	the Securities and Futures Ordinance (Chapter 571 of the

•Shanghai Dazhong Business ManagementŽ	Shanghai Dazhong Business Management Co., Ltd.* (j } : † 8 M # Þ " ® !), a limited liability company incorporated in the PRC on March 10, 1995 and owned as to 90% by Shanghai Dazhong Business Management Employee Share Ownership Committee* (j } : † 8 M # Þ " ® ! ˆ 5 p 6) and 10% by three individual shareholders who are Independent Third Parties
•Shanghai Dazhong Capital Equity InvestmentŽ	Shanghai Dazhong Group Capital Equity Investment Co., Ltd.* (j } : « l p Æ ³ Þ " ® !) (formerly known as Shanghai Dazhong Equity Investment Co., Ltd.* (j } : p Æ ³ Þ " ® !)), a limited liability company incorporated in the PRC on April 22, 2010 and our indirect wholly-owned subsidiary, owned as to 99% by our Company and 1% by Shanghai Dazhong Environment
•Shanghai Dazhong ChuxingŽ	Shanghai Dazhong Chuxing Information Technology Co., Ltd.* (j } : ¦ ¹ ¦ ” p ... Þ " ® !), a limited liability company incorporated in the PRC on January 5, 2016 and owned as to 29% by our Company, 46% by Dazhong Transportation Group and 25% by Shanghai Dazhong Business Management
•Shanghai Dazhong EnvironmentŽ	Shanghai Dazhong Environment Industry Co., Ltd.* (j } : ¤ * 8 Þ " ® !) (formerly known as Shanghai Junji Industrial Development Co., Ltd.* (j a ? ¼ 8 ï • Þ " ® !) and Shanghai Junji Environment Industry Co., Ltd.* (j a ? ¤ * 8 Þ " ® !)), a limited liability company incorporated in the PRC on July 14, 2003 and our indirect wholly-owned subsidiary, owned as to 88.97% by our Company and 11.03% by Shanghai Dazhong Municipal Development
•Shanghai Dazhong Financial LeasingŽ	Shanghai Dazhong Financial Leasing Co., Ltd.* (j } : D a # Þ " ® !), a limited liability company incorporated in the PRC on September 19, 2014 and owned as to 40% by our Company, 25% by FCEEL, 20% by Dazhong Transportation Group, 10% by Shanghai Dazhong Business Management and 5% by Shanghai Chengguang Business Consultation Co., Ltd.* (j ˆ ¦ ¹ T Þ " ® !), an Independent Third Party

•Shanghai South GasŽ	Shanghai South Gas Development Co., Ltd.* (j 9 Ì ÷ ï • Þ " ® !), a limited liability company incorporated in the PRC on April 18, 2001 and wholly-owned by Shanghai Dazhong Gas
•Shanghai Stock ExchangeŽ	the Shanghai Stock Exchange (j Ç N t ø Ô)
•Shanghai Stock Exchange Listing RulesŽ	The rules governing the listing on the Shanghai Stock Exchange
•Shanghai Urban AreaŽ	areas inside the outer ring of Shanghai, including Huangpu, Xuhui, Changning, Jing•an, Putuo, Hongkou, Yangpu, Minhang districts and part of Pudong districts
•Shanghai Weiming BiochemistryŽ	Shanghai Weiming Biochemistry Co., Ltd.* (j × [· p ... Þ " ® !), (formerly known as Shanghai Dazhong Lingwei Biochemistry Co., Ltd.* (j } : K [· p ... Þ " ® !)), a joint stock company incorporated in the PRC on December 18, 1992 and owned as to 87.67% by Hainan Dazhong Ocean, 4.44% by Dazhong Transportation Group, 4.00% by Shanghai Weiming Biochemistry Co., Ltd. Employee Shareholding Assembly* (j × [· p ... Þ " ® ! ˆ 5 p 6) and 3.89% by Shanghai Jinyi Industry Head Office* (j – H ¼ 8 < ® !), an Independent Third Party
•Shanghai Xiangyin Tunnel ConstructionŽ	Shanghai Xiangyin Road Tunnel Construction Development Co., Ltd.* (j) † 8 £ ï • Þ " ® !), a limited liability company incorporated in the PRC on September 24, 2003 and owned as to 87.16% by our Company and 12.84% by Shanghai Dazhong Municipal Development
•Shanghai Xingye Venture CapitalŽ	Shanghai Xingye Venture Capital Co., Ltd.* (j 3+¶ ô 8 ³ Þ " ® !), a limited liability company incorporated in the PRC on June 4, 2008 and owned as to 20% by our Company and 80% by six Independent Third Parties
•Shanghai Zhonggong Information ServiceŽ	Shanghai Zhonggong Information Service Co., Ltd.* (j : Í ¦ ¹ Þ " ® !), a limited liability company incorporated in the PRC on July 12, 2016 and a directly wholly-owned subsidiary of our Company
•Shareholder(s)Ž	holder(s) of the Share(s)

•Xuhui Onlly Micro-creditŽ	Shanghai Xuhui Onlly Micro-credit Co., Ltd.* (j ± Ò û m ƒ X r › p … Þ " ® !), a PRC limited liability company established on November 3, 2012 and owned as to 20% by our Company, 30% by Shanghai Jiaoda Onlly Co., Ltd.* (j t } û m p … Þ " ® !), whose chairman is also our Chairman Mr. Yang Guoping (@ 7 ;), 10% by Shanghai Yiyang Landscaping Co., Ltd.* (j Ë ¢ ä ` · Þ " ® !), a 99.90% owned subsidiary of Shanghai Dazhong Business Management, and 40% by two Independent Third Parties
•Xuzhou AreaŽ	Xuzhou urban area and several adjacent counties and cities, namely, Sanbahe, Jiawang, Peixian, Pizhou and Lianyungang
•Xuzhou Fountainhead SewageŽ	Xuzhou Fountainhead Sewage Co., Ltd.* (± È U p î å ˆ # Þ " ® !), a PRC limited liability company established on December 19, 2007 and owned as to 49% by Jiangsu Dazhong Water, our subsidiary, 15% by Mr. Li Fanqun (½ m Ê), the standing vice general manager (l < ¾ #)

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and strategies and plans for the development of existing and new businesses, our ability to implement such strategies and plans, and the expected timetable of such implementation;
- our financial condition;
- our dividend distribution plans;
- our ability to reduce costs;
- the regulatory environment, as well as the general industry outlook, for the public utilities industry in China;
- capital market development;
- certain statement in the sections headed •Risk FactorsŽ, •Regulatory OverviewŽ, •BusinessŽ, •Financial InformationŽ, and •Future Plans and Use of ProceedsŽ with respect to trends in interest rates, exchange rates, prices, volumes, operations, margins, risk management and overall market trend;
- further developments in, and competitive environment for, the PRC and public utilities industry; and
- general economic condition.

The words •aimŽ, •anticipateŽ, •believeŽ, •contemplateŽ, •continueŽ, •couldŽ, •estimateŽ, •expectŽ, •going forwardŽ, •intendŽ, •mayŽ, •ought toŽ, •planŽ, •potentialŽ, •predictŽ, •projectŽ, •endeavourŽ, •scheduleŽ, •seekŽ, •shouldŽ, •targetŽ, •willŽ, •wouldŽ, •mightŽ and the negative forms of these terms, as well as similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. We undertake no obligation to publicly update or revise any

forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by applicable laws, rules and regulations. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to the intentions of our Company or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. Any of these risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the PRC and most of our operations are conducted in the PRC, which is governed by a legal and regulatory

by the competent government authorities under different considerations. The piped gas procurement prices are generally affected by energy prices in the upstream market as well as the relevant government policies on energy consumption. The local piped gas retail prices are

operating results may be materially and adversely affected. In addition, our insurance policies may be subject to review by our insurers from time to time, and we cannot assure you that we will be able to renew these policies on similar or acceptable terms, or at all.

Any instability in, shortages of or disruption to, the supply of piped gas to us from our upstream piped gas suppliers could materially and adversely affect our business. We may also be materially and adversely affected by a shortage of piped gas in the PRC in general.

Piped gas constitutes the major raw material for our overall business operations. Due to the highly regulated nature of the piped gas supply industry in the PRC, during the Track Record Period and as of the Latest Practicable Date, Shanghai Gas Group and CNPC were our sole upstream piped gas suppliers in Shanghai and Nantong Area, respectively. In 2013, 2014 and 2015 and the six months ended June 30, 2016, our procurement cost of piped gas from Shanghai Gas Group and CNPC was RMB2,594.2 million, RMB2,754.2 million, RMB2,817.4 million and RMB1,621.4 million, respectively, representing 75.0%, 74.6%, 72.5% and 75.4% of our total cost of sales of the same periods, respectively.

Prior to December 2015, procurement of piped gas from Shanghai Gas Group was made pursuant to relevant government rules and regulations, which set forth certain obligations for

As we do not maintain a reserve of piped gas, we may need to source alternative supply of piped gas or even temporarily suspend our piped gas supply to our customers if we receive an insufficient supply of piped gas from our suppliers. We may face a shortage of natural gas due to reasons beyond our control, such as a disruption of natural gas supply to our upstream suppliers or the occurrence of any adverse political and economic conditions in the natural gas exporting countries, resulting in a significant disruption in the global market for piped gas. If we are not able to timely source sufficient amount of piped gas on commercially acceptable terms, or at all, our business, financial condition and operating result would be materially and adversely affected.

Shanghai Gas Group may change its current practice of not strictly enforcing provisions under the relevant framework gas procurement agreement in relation to payment schedule and volume-based extra payment obligations.

Our current framework gas procurement agreement with Shanghai Gas Group was entered into on December 16, 2015, which contains certain provisions in relation to payment schedule and volume-based additional payment obligations. Such obligations did not exist prior to, and generally have not been strictly enforced by Shanghai Gas Group since, the execution of the framework gas procurement agreement. For example, the average turnover days of our trade payables due to Shanghai Gas Group was approximately 96 days, 130 days and 132 days in 2013, 2014 and 2015, respectively. The framework gas procurement agreement provides that we shall make payment within three days of the receipt of the monthly gas purchase statement and Shanghai Gas Group shall be entitled to late fee on delay of such payment. In practice, the average turnover days of our trade payables due to Shanghai Gas Group was approximately 116 days for the six months ended June 30, 2016, and Shanghai Gas Group had not made any attempt or demonstrated any intention to demand any late fee or volume-based additional payment after the execution of the framework gas procurement agreement and up to the Latest Practicable Date. However, we cannot assure you that Shanghai Gas Group will not change its existing practice. Our trade payables due to Shanghai Gas Group were RMB1,053.0 million as of June 30, 2016. If Shanghai Gas Group demands that we strictly comply with such payment schedule or volume-based additional payment obligations, such payments may have a material adverse impact on our short-term liquidity and cash flow. For more details, please refer to the section •Our Public Utility Service Business „ Piped Gas Supply Operations „ Piped gas procurement „ Piped gas suppliersŽ.

There may be unauthorized tampering of our gas meters which could affect our ability to measure and collect fees for our sale of piped gas.

In the past, there have been incidents of unauthorized tampering of our gas meters by our customers in attempt to affect our ability to record the volume of piped gas used by the relevant customers. Although we have taken measures to prevent unauthorized alteration or tampering with our gas meters, we cannot assure you that such incidents will not happen again.

In the event that our gas meters are tampered with, the measurement and reading of the volume of piped gas used by the relevant customers may be significantly less than the actual volume supplied by us, which may adversely affect our profit in relation to our piped gas supply operations.

Our public utility service business requires significant initial capital commitment and our inability to borrow necessary funds for our business or refinance our existing debt at reasonable rates, or at all, could adversely affect our financial condition and results of operations, and prevent us from fulfilling our financial obligations and business objectives.

Our public utility service business typically requires significant initial capital commitment. We are responsible for the costs of construction of the underground pipeline network, wastewater treatment projects or ancillary facilities and public infrastructure projects. We

plants, due to, among other things, industrial accidents, expansion of the industries in the surrounding area of our wastewater treatment facilities, excessive discharges of pollutants, oil spills, or other events beyond our control. For example, in April 2016 one of our plants in Xuzhou Area received incoming wastewater with pollution level exceeding our treatment capability, and as a result the discharged water exceeded the relevant pollution standard and a penalty of RMB1.8 million was imposed on us by the relevant government authority. For more details, please refer to the section •Business„Compliance and Legal ProceedingsŽ. Any excessive pollution levels of the wastewater coming into our treatment plants may adversely affect the operating costs and earnings of such plants due to the higher costs of treating the

increase in tariffs or if a reduction in tariffs occurs, we may not be able to sustain our profitability or may even incur a loss, and our financial condition and results of operations may be materially and adversely affected.

Our business, results of operations and financial condition may be adversely affected if there is any significant downtime or decrease in utilization of our wastewater treatment plants or if our plants fail to achieve the expected levels of utilization due to insufficient incoming wastewater.

Our wastewater treatment plants are subject to normal wear and tear in the course of construction and operation. As a result, our plants may require extended downtime for repairs and maintenance. However, if the time and cost required for such repairs and maintenance exceeds our expectations, our operations may be affected for a period longer than anticipated and our revenue from the relevant project may be less than the original estimate. In addition, if any extraordinary or extensive repairs to our facilities or equipment are required due to any significant or catastrophic event or otherwise, our facilities could require significant downtime during which they would not be able to treat wastewater as required under our concession agreements, which in turn, could cause our customers to terminate their agreements with us or subject us to claims for damages.

In addition, each of our projects has been or will be built to a specified designed capacity in accordance with the terms of the relevant agreements with our customers. For more details on the average utilization rates of our wastewater treatment plants during the Track Record Period, please refer to the section •Business „ Our Public Utility Service Business „ Wastewater Treatment OperationsŽ. The utilization rates of our wastewater treatment facilities depend on a number of factors, including the weather conditions, the local population size, the level of urbanization, access to a pipeline network and the general economic conditions in the areas serviced by the relevant facilities. Our decision to enter into a project agreement may depend on our expectation of future increases in the quantity of wastewater to be treated, which may not be realized.

Any subsidy currently or previously available to us could be reduced or discontinued.

During the Track Record Period, we received subsidies granted by the PRC government as

Furthermore, our BOT and TOT projects are subject to operational risks given their long concession terms. For our BOT and TOT projects, we are responsible for all repairs and maintenance of the facilities. However, if our facilities fail to function as long or as efficiently as we have estimated, we may need to pay more for replacement parts or repairs and maintenance of the facilities or may experience longer shut-down periods than we originally anticipated. As a result, we may experience reduced profitability or losses.

Our customers in the wastewater treatment and public infrastructure project businesses are government entities and our performance may be significantly affected by government spending on infrastructure and other projects.

Our customers in the wastewater treatment and public infrastructure project businesses are government entities. To the extent that our projects are funded by local governments, they may be subject to delays or changes as a result of changes in the local governments• budgets or for other policy considerations. Local government spending on infrastructure and other construction projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in the PRC economy and changes in local government policies. As a

concession and terminate the agreement without compensation if we fail to complete the construction according to the specifications as required by the relevant agreements for our projects, or if the treated wastewater discharged from our facilities under our BOT, TOT or BT projects fails to meet the standards required by the agreements and we fail to rectify such failure within the contractually stipulated period. In the event that a local government withdraws the concession for any of our BOT, TOT or BT projects, the tariff payments we have received up to termination may not be sufficient to cover our investment cost and we may not receive any compensation for the investment we have made, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We cannot assure you that the development of our projects in the planning or development phase will not be delayed or that these projects will meet the requirements and expectations of our customers. Failure to implement or complete projects to the satisfaction of our customers or failure to comply with relevant governmental policies and standards, or defective systems may lead to claims against us and/or the termination of our services in whole or in part prior to the expiration of the concession term. Such failure may arise as a result of unsatisfactory project design or workmanship, staff turnover, human error, untimely delivery of services, default by our contractors, or misinterpretation of, or failure to adhere to, regulations and procedures by us or our contractors, some of which may be beyond our control. The claims against us and/or the termination of our services in whole or in part prior to the expiration of the concession term may adversely affect our business, financial condition, results of operations and prospects. In addition, in the event we are found liable for delays or failure to complete our projects to the satisfaction of our customers, we may be required to compensate our customers for their losses, which could further materially and adversely affect our business, financial condition, results of operations and prospects.

Our pipeline construction and maintenance, wastewater treatment and public infrastructure projects are subject to construction and operational risks.

Pipeline construction and maintenance in our piped gas supply business, developing wastewater treatment projects and public infrastructure projects involve various risks, including, amongst others, construction and operational risks. The construction and operation of our projects, including any new project that we undertake, could be materially and adversely affected due to a number of factors, including:

- the contractors hired by us may not be able to complete the construction or installation work of our projects on time, within budget or to the specifications or quality, safety and environmental standards we have set out in our contracts with them;

- shortages of, and price increases in, equipment, materials or labor;

- changes in laws and regulations, or in the interpretation or enforcement of laws or regulations, applicable to our projects;

Our financial services business is subject to various credit risks and our credit risk management may not be adequate.

We provide financial services, including micro-credit loans and financial leasing to individual and corporate customers. If our customers do not fulfill their respective contractual obligations or duties, the results of operations, financial condition and profitability of our financial services business could be adversely affected.

- Portfolio quality. Our financial services involve providing micro-credit loans and financial leasing to customers. Our main customers of micro-credit business are local micro- and small-enterprises and individuals. Non-performing loans, guarantees and financial leasing resulting from default of customers will have an adverse effect on the results of operations of our financial services business. The sustainable growth of our financial services business mainly depends on our ability to effectively manage the credit risk and maintain the quality of our portfolio. Any defect in the credit risk management policy of our relevant subsidiaries, or any credit risks beyond our control, may have an adverse impact on the results of operations, financial condition and profitability of our financial services business.

- Loss. Although we have made allowance for impairment losses based on assessment of various factors affecting the portfolio of our financial services business, the actual losses in the future may exceed our current allowance and we may need to make additional allowance for impairment losses. As such, the results of operations, financial condition and profitability of our financial services business may be adversely affected.

- Security. A substantial portion of our loan portfolio and financial leasing are secured by collaterals or guarantees. Any significant decline in the value of the collateral or deterioration of the financial condition of the guarantors or any failure by us to enforce our rights as a creditor may adversely affect the results of operations, financial condition and profitability of our financial services business.

- Concentration. A majority of the customers for our financial services business are small and medium sized enterprises, which generally have fewer financial resources in terms of capital or borrowing capacity and are more vulnerable to an economic

measures will be effective in protecting us from credit risk exposure. For example, our appraisal and monitoring of the collateral and guarantees is based on limited information available to us and might be inaccurate, unreliable or outdated. We may not be able to detect fraud from the information provided by our customers when applying for our services.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or other parties in our financial services business.

We may be exposed to fraud or other misconduct committed by our employees, customers or other third parties in our financial services business. For example, an employee may approve a loan application beyond authorized credit limits or collude with customers to hide key customer information in order to help such customers obtain loans by fraud. In addition, a customer or third party may make fraudulent accounting statement or other false statements to deceive our employees. Such fraud and misconduct could subject us to financial losses and sanctions imposed by governmental authorities and seriously harm our reputation. We have in place risk management systems and internal control procedures to monitor our operations and overall compliance. For example, we have adopted a risk responsibility scheme, under which our customer relationship managers, risk management department and other relevant personnel in charge of loan assessments and approvals take varying shares of responsibility for the loss resulting from a customer•s default. However, there is no assurance that we can identify non-compliant or suspicious transactions such as money laundering in a timely manner, or at all. Moreover, it may be difficult to deter or prevent fraud or misconduct at all times, and the precautions we take to prevent and detect such activities may not be effective. As a result, we cannot assure that our business and reputation will not be materially and adversely affected by future incidents of fraud and other misconduct committed by our employees or other parties.

If we fail to maintain an effective internal control over our financial investments, our financial condition and results of operations may be materially and adversely affected.

We have established risk management and internal control systems consisting of the risk management policies and risk control procedures to manage our risk exposures relating to our financial investments. However, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance our risk management and internal control systems from time to time, any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal

control policies and procedures, our business, financial condition and results of operations

liquidity and record net current assets. If we continue to record net current liabilities, we may face a deficiency of working capital and may not be able to service short term debts when they become due. Any of these events could have a material adverse impact on our financial position and results of operations.

the six months ended June 30, 2016, respectively, representing 26.6%, 24.9%, 21.3% and 15.2% of our profit before tax during the same periods. In addition, we made a financial investment in the amount of RMB307 million in November 2002 in Shenzhen Capital Group. Share of results from Shenzhen Capital Group in 2013, 2014 and 2015 and the six months ended June 30, 2016 was RMB116.9 million, RMB149.5 million, RMB127.4 million and RMB103.1 million, representing 32.2%, 35.9%, 22.2% and 24.5% of our profit before tax during the same periods.

We cannot assure you that we will continue to achieve consistent returns on our strategic and financial investments in the future, or that the amount of such returns will be comparable to

During the Track Record Period, we also generated a portion of our profit from a portfolio of financial investments in public utility and other industries. In 2013, 2014 and 2015 and the six months ended June 30, 2016, our net investment income and gains from our financial investments, which consisted primarily of net gain on disposal of equity interests for financial assets previously invested in and dividend income, was RMB44.4 million, RMB163.0 million, RMB72.1 million and RMB106.9 million, respectively, accounting for approximately 12.2%, 39.1%, 12.6% and 25.4%, respectively, of our profit before tax during the same periods.

The determination of the amount of impairments taken on our investments in

- € regulatory, legislative and political environment;
- € the severity of the decline in fair value;
- € the length of time the fair value is below cost;
- € our intent or need to dispose of the security prior to recovery of its fair value to amortized cost; and
- € other factors as may become available from time to time.

Historical trends may not be indicative of future impairments. Such evaluations and assessments are revised as conditions change and new information becomes available. Our management updates its evaluations regularly and reflects impairments in its income statement as such evaluations are revised. There can, however, be no assurance that our management has accurately assessed the level of impairments reflected in our financial statements. Furthermore, additional impairments may need to be taken in the future, which could have a material adverse effect on our financial condition or results of operations.

We may undertake acquisitions, investments, joint ventures or other strategic alliances, which may not be successful or which otherwise may have a material adverse effect on our ability to manage our business.

Our strategy includes plans to grow both organically and through acquisitions, participation in joint ventures or other strategic alliances with suppliers or other companies in China and overseas along the public utilities services industry value chain. Acquisitions of companies or businesses and participation in joint ventures or other strategic alliances are subject to considerable risks, including:

- € our inability to integrate new operations, personnel, products, services and technologies;
- € unforeseen or hidden liabilities, including exposure to lawsuits associated with newly acquired companies;
- € the diversion of financial or other resources from our existing businesses and technologies;
- € disagreement with joint venture or strategic alliance partners;
- € contravention of regulations governing cross-border investment;
- € failure to comply with laws and regulations as well as industry or technical standards of the markets into which we expand;

- exposure to operation, regulatory, market and geographic risks and additional capital requirements;

- our inability to generate sufficient revenues to offset the costs and expenses of acquisitions, strategic investments, joint venture formations or other strategic alliances; and

- potential loss of, or harm to, employees or client relationships.

Any of the above risks could significantly impair our ability to manage our business and materially and adversely affect our business, results of operations and financial condition.

operations may be materially and adversely affected. As competition in the PRC for senior management and key personnel with experience in public utility services industries is intense, and the pool of qualified candidates is very limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. If we fail to attract and retain qualified personnel, our business and prospects may be adversely affected.

We may be involved from time to time in legal proceedings and commercial or contractual disputes, which could have a material adverse effect on our business, results of operations and financial condition.

We may be involved from time to time in legal proceedings and commercial or contractual disputes in the ordinary course of our business. Although there is no material unresolved litigation, arbitration or administrative proceeding against us as of the Latest Practicable Date, we cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management•s attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may have a material adverse effect on our reputation and our financial condition, results of operations and prospects.

Certain defects in the properties occupied by us may materially and adversely affect our ability to use such properties and in turn have an adverse effect on our business.

As of the Latest Practicable Date, we have not obtained the land use rights certificates and the building ownership certificates for seven properties with a gross floor area of approximately 4,939 sq.m., representing approximately 14.08% of the aggregate gross floor area of the properties we owned. The defective titles were caused by various reasons, such as lack of original documents when the property was assigned to us by local government and/or incomplete construction. We use most of these properties as service branches. For more details, please refer to the section •Business „ Properties „ Owned Properties and Land Use Rights „ Owned properties with defective titlesŽ. In respect of those properties without title certificates, any dispute or claim in relation to our rights to occupy or use the properties, including any litigation involving allegations of illegal or unauthorized occupation or use of these properties, may require us to relocate our business and operations, which in turn, may materially and adversely affect our business, financial condition and results of operation.

We may fail to adequately protect our intellectual property rights, or could face claims of infringement of the intellectual property rights of others.

We rely on patents and trademarks to protect our proprietary rights. As of the Latest Practicable Date, we had four registered patents and two registered trademarks in the PRC and two registered trademarks in Hong Kong. We generally do not enter into confidentiality agreements with our personnel. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technologies. Monitoring unauthorized use of our intellectual property is difficult, and we cannot assure you that the steps we have taken will prevent the unauthorized use of our technologies. In addition, applicable laws may not fully protect our intellectual property rights. Any claims or litigation that we may initiate in the future to protect our intellectual property rights could be time consuming and expensive, diverting

accounted for 83.9%, 82.8%, 83.8% and 84.5%, respectively, of our total revenue. While we will continue to grow our operations outside Shanghai, we expect that Shanghai will continue to be our principal market and place of operation.

In light of the concentration of our businesses in Shanghai, we are exposed to risk associated with such geographical region. Our Directors believe that our business, financial condition, results of operations and prospect will continue to benefit from (i) economic and social development, degree of industrialization and urbanization and the acceptance and perception of customers to natural gas in Shanghai; and (ii) the continued support of the national and local governments in the promotion and increasing utilization of natural gas as an economical, efficient and clean energy source. However, we cannot assure you that the

regulations continue to evolve, we cannot assure you that the PRC government will not impose additional laws or regulations, compliance with which may cause us to incur significantly increased costs, which we may not be able to pass on to our customers. In addition, any changes in legislative, regulatory or industrial requirements may render certain of our wastewater treatment solutions obsolete. We may need to upgrade existing technologies and facilities to meet the standards imposed by the relevant regulatory authorities, which will require higher financial, human and other resources. All these could materially and adversely affect our business, financial condition and operational results.

Our business operations may be materially and adversely affected by acts of God and epidemics or pandemics which are beyond our control.

Natural disasters, epidemics or pandemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC and other parts of the world. Our business, operating results and financial condition may be adversely and materially affected if such natural disasters occur in the PRC or in the regions in which we have operations.

Competition in the public utility industries may increase and our inability to maintain our competitiveness could materially and adversely affect our financial performance.

The public utility industries in China are highly fragmented, with a large number of service providers throughout the country. We compete primarily with public utility services providers in China and new entrants to the market, some of our competitors may have better access to financial resources, lower cost structures, higher levels of integration, better operating efficiency, more advanced technologies or longer operating histories. If we are unable to improve our services quality, maintain our operating efficiency and control our costs, we may not be able to compete effectively against our existing or new competitors and our sustainability and growth opportunities may be limited, which will materially and adversely affect our revenue and profitability.

Our micro-credit business could be negatively affected by changes and fluctuations in the banking industry.

Our micro-credit business focuses on local micro- and small-enterprises and individuals in Shanghai. We believe such micro- and small-enterprises and individuals are generally underserved by the banking industry in China because they generally lack sufficient business scale and/or do not possess acceptable collateral to obtain credit, and the loan approval process of commercial banks is time consuming, which conflicts with the needs of such customers for quick access to loans. These have created opportunities for us to develop and expand our business. However, there may be changes and fluctuations in the banking industry in China. Microfinance businesses may become more attractive to commercial banks along with the market development, or commercial banks may be involved more in the financing of micro- or small-enterprises and individuals in the agricultural, industrial and service sectors in light of

the PRC government•s support of such financing. Under such circumstances, we may face greater competition in our business and may not succeed in competing with commercial banks.

In addition, our loan business may be affected by other changes in the banking industry. For example, in times of liquidity squeeze within the banking industry, we may not be able to get sufficient bank borrowings from the banks we cooperate with. Since our primary funding sources for micro-credit business are capital contributions from our shareholders and borrowings from commercial banks, our funding available to granting of loans may decrease due to the liquidity squeeze measures. As a result, our business and results of operations may be adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in the PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Substantially all of our business and operations are located in the PRC. As a result, our business, financial condition, results of operations and prospects are affected by the economic, political and legal developments in the PRC. In particular, the PRC government continues to exercise significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatments to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in reforming the economy. These economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, some of these measures may have an adverse effect on us.

Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash and pay dividends effectively.

The RMB is not currently a freely convertible currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As our operations are primarily conducted in the PRC and substantially all of our revenue is denominated in RMB, fluctuations in the RMB exchange rate against other currencies did not have a material impact on our results of operations during the Track Record Period. Pursuant to existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions (including dividend payouts) without submitting the certifying documents of such transactions to SAFE for approval in advance as long as they are processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes, including direct overseas investment and various international loans, may require the prior approval or registration with SAFE. IwE. alioe426.4(-436.9(u2(t)19.9(o)-486.3bpit)10inth)-4

those provisions, there is no assurance that you will enjoy an equal level of protection that you may be entitled to when investing in companies incorporated in common-law jurisdictions.

It may be difficult to effect service of legal process and enforce judgments rendered by courts other than PRC courts against us or the Directors, Supervisors or senior management residing in China.

Our Company is a company incorporated under the laws of the PRC, and a substantial portion of our Company•s assets and most of our subsidiaries are located in the PRC. In addition, most of our Company•s Directors, Supervisors and senior management members reside within the PRC, and the assets of our Company•s Directors, Supervisors and senior management members may be located within the PRC. As a result, it may not be possible to

the Hong Kong Stock Exchange or the SFC to enforce its rules. In addition, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Foreign individual holders of our H Shares may become subject to PRC income tax and the PRC tax obligations of foreign enterprises that are holders of our H Shares remain uncertain.

Under current PRC tax laws, regulations and rules, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us or the gains realized upon the sale or other disposition of H Shares. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate under China•s Individual Income Tax Law. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction s in which the foreign individuals reside reduce or provide an exemption for the relevant tax obligations. Generally, a tax rate of 10% shall apply to the dividends paid by our Company to foreign individuals without application to the applicable treaties. When a tax rate of 10% is not applicable, the withholding company shall (i) return the excessive tax amount if the applicable tax rate is lower than 10%; (ii) withhold such foreign individual income tax at the applicable tax rate if the applicable tax rate is between 10% and 20%; and (iii) withhold such foreign individual income tax at a rate of 20% if no double taxation treaty is applicable.

For non-PRC resident enterprises that do not have establishments or premises in China, or have establishments or premises in China but their income is not related to such establishments or premises, under China•s EIT Law, dividends paid by us and the gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a 20% rate. In accordance with the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to Shareholders which are Overseas Non resident Enterprises (ë õ • 7 ¢ O † 8 £ ¤ . H p ¢ ¢ O † 8 p | ï p ¹ þ Ô þ ® † 8 Ô { ü Þ ë * Z Y ·]) issued by the State Administration of Taxation, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise.

As China•s EIT Law came into effect on January 1, 2008 and its implementation rules are relatively new, there remains significant uncertainty as to their interpretation and application by China•s tax authorities, including the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends to non-PRC resident individual holders of H Shares and on gains realized on the sale or other disposition of H Shares. China•s tax laws, rules and regulations may also change. If there is any change to applicable tax laws and interpretation or application with respect to such laws, the value of your investment in our H Shares may be materially affected.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE GLOBAL OFFERING

Characteristics of the A share and H share markets may differ.

Our A Shares have been listed and traded on the Shanghai Stock Exchange since March 4, 1993. Following the Global Offering, our A Shares will continue to be traded on the Shanghai Stock Exchange, and our H Shares will be traded on the Hong Kong Stock Exchange. Without approval from the relevant regulatory authorities, our A Shares and H Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets. The A share and H share markets have different trading characteristics, including trading volume and liquidity, and investor bases including different levels of participation of retail and institutional investors. As a result of these differences, the trading prices of our A Shares and H Shares may not be the same. Moreover, fluctuations in our A Share price may affect our H Share price and vice versa. Because of the different characteristics of the A share and H share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. Furthermore, on April 10, 2014, CSRC

As the Offer Price of our H Shares is higher than the net tangible asset value per share, you will experience immediate dilution.

The Offer Price of our H Shares is higher than the net tangible asset value per share of the outstanding Shares issued to our existing Shareholders. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in the net tangible asset value, and the pro forma adjusted consolidated net tangible asset value per share of the Shares held by our existing Shareholders will increase. If, in order to expand our business in the future, we issue additional H Shares at a price below the net tangible asset value per share, the net tangible asset value per share of our H Shares held by the buyers of our H Shares may be diluted.

The sales or potential sales of substantial amounts of our H Shares in the public market (including any future offering) may affect the prevailing market price of our H Shares and our ability to raise capital in the future, and future additional issuance of securities may dilute your shareholdings.

The sales of substantial amounts of our H Shares or other securities related to our H Shares in the public market, or the issuance of new H Shares or other securities, or the market anticipation that such sales or issuance may occur, may cause fluctuations in the market price

for our H Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and the permission to deal in, our H Shares. However, there is no assurance that the Global Offering will result in the development of an active and liquid public trading market for our H Shares. The market price, liquidity and trading volume of our H Shares may be volatile. Factors such as the following may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of additional H Shares by us or other Shareholders; and
- fluctuation in the price and trading volumes of our A Shares on the Shanghai Stock Exchange.

In addition, H shares of other PRC issuers listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

There can be no assurance if and when we will pay dividends in the future; dividends declared in the past may not be indicative of our dividend policy in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board of Directors at their discretion and will be subject to our Shareholders• approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not

MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Hong Kong Listing Rules require that an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer•s executive directors must be ordinarily resident in Hong Kong. Our Company has six executive Directors who currently reside in China. As most of our operations are in China, we will not, after Listing or in the foreseeable future, have sufficient management presence in Hong Kong. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules.

The arrangements proposed by us for maintaining regular communication with the Hong Kong Stock Exchange for the purpose of Rules 8.12 and 19A.15 of the Hong Kong Listing Rules are as follows:

(a) our Company will appoint two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules who will act as our Company•s principal communication channel with the Hong Kong Stock Exchange and will ensure that they comply with the Hong Kong Listing Rules at all times. The two authorized representatives to be appointed are Mr. Liang Jiawei (Ñ —$), a PRC resident, and Mr. Wong Yat Tung (» Ú), an ordinarily resident in Hong Kong. Although one of them resides in the PRC, Mr. Liang Jiawei (Ñ —$) has valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Each of the two authorized representatives has been duly authorized to communicate on behalf of our Company with the Hong Kong Stock Exchange and each of them will be readily available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable time frame upon request and will be readily contactable by mobile or telephone, facsimile or email;

(b) both the authorized representatives have means to contact all members of the Board promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Board on any matters;

(c) our Company has implemented a policy whereby (i) each Director will provide his or her respective mobile phone number, residential phone number, fax number and email address to the authorized representatives; (ii) each Director will provide valid phone numbers or means of communication to the authorized representatives when he or she travels; and (iii) each Director and authorized representative has provided his or her mobile phone number, office phone number, fax number and email address to the Hong Kong Stock Exchange;

(d) all Directors who are not ordinarily resident in Hong Kong have confirmed that they hold valid travel documents to visit Hong Kong and will be able to meet with the Hong Kong Stock Exchange in Hong Kong upon reasonable notice, when required; and

(e) our Company has appointed Haitong International Capital Limited as compliance adviser who will have access at all times to our Company•s authorized representatives, Directors and other officers and will serve as our Company•s additional communication channel with the Hong Kong Stock Exchange. The compliance adviser will advise our Company on on-going compliance requirements and other issues arising under the Hong Kong Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company

(d) professional qualifications in other jurisdictions.

Ms. Zhao Fei (» -) does not possess the specified qualifications required by Rule 3.28 of the Hong Kong Listing Rules although she has held various senior positions as indicated in her biography, and she may not possess the relevant experience as required by the Hong Kong Stock Exchange in terms of her familiarity with the Hong Kong Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer particularly in assisting the listed issuer as well as its directors in complying with the Hong Kong Listing Rules and other relevant laws and regulations, we have the following arrangements:

€ Ms. Zhao Fei (» -) will endeavor to attend relevant training courses including briefings on the latest changes to the applicable Hong Kong laws and regulations and the Hong Kong Listing Rules organized by our Company•s Hong Kong legal advisers on an invitation basis and seminars organized by the Hong Kong Stock Exchange for PRC issuers from time to time.

€ Our Company has appointed Mr. Wong Yat Tung (» Ú) who meets the requirements under Rule 3.28 of the Hong Kong Listing Rules, as a joint company secretary to assist Ms. Zhao Fei (» -) so as to enable her to acquire the relevant experience (as required under Rule 3.28 of the Hong Kong Listing Rules) to discharge her duties and responsibilities as company secretary of our Company.

€ Mr. Wong Yat Tung (» Ú), who will familiarize himself with the affairs of our Company, will communicate regularly with Ms. Zhao Fei (» -) on matters relating to corporate governance, the Hong Kong Listing Rules as well as other laws and regulations which are relevant to us and our other affairs. Mr. Wong Yat Tung (» Ú) will work closely with, and provide assistance to, Ms. Zhao Fei (» -) in the discharge of her duties as a joint company secretary, including organizing our Company•s board meetings and Shareholders• meetings.

€ Ms. Zhao Fei (» -) will also be assisted by the compliance adviser and the Hong Kong legal advisers of our Company, particularly in relation to Hong Kong corporate governance practices and regulatory compliance, on matters concerning our Company•s on-going compliance obligations under the Hong Kong Listing Rules and the applicable laws and regulations.

€ Ms. Zhao Fei (» -) will be appointed for an initial period of three years, provided that she will be assisted by Mr. Wong Yat Tung (» Ú). Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Ms. Zhao Fei (» -) and the need for on-going assistance would be made.

(1) none of the A Shareholders• Investors would be in the position to exert influence over our Company or the allocation process in the Global Offering since:

(a) none of them had or would have any board representation or any other special rights in our Company;

(b) none of them was or would be core connected person or close associates of our Company immediately prior to or after the Global Offering; and

(c) none of them held 2% or more of our Company•s total issued share capital immediately before completion of the Global Offering.

(2) our Directors, the Joint Sponsors and the Joint Bookrunners confirm that the A Shareholders• Investors would be subject to the same book building and allocation process as other investors in the International Offering at the Offer Price. No preferential treatment would be given to them under the Global Offering and the relevant information in respect of the allocation of the A Shareholders will be disclosed in the allocation results announcement.

(3) allocation to the A Shareholders• Investors would not affect our Company•s ability to satisfy the public float requirement under Rule 8.08 of the Hong Kong Listing Rules.

DIRECTORS• RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Hong Kong Listing Rules for the purposes of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this prospectus misleading.

CSRC APPROVAL

The CSRC has given us its approval for the filing of our application to list the H Shares on the Hong Kong Stock Exchange and the Global Offering on December 30, 2015. In granting this approval, the CSRC does not accept responsibility for the financial soundness of our Company, or for the accuracy of any of the statements made or opinions expressed in this prospectus and the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Representatives (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) on or before the Price Determination Date. The Global Offering is managed by the Joint RepresentativesekrFparothet ot the Underwritere ant theUnderwritingoutof the•.2(Underwr)-

circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the Application Forms and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Selling Shareholders, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed •Structure of the Global OfferingŽ, and the procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed •How to Apply for Hong Kong Public Offer SharesŽ and on the relevant Applications Forms.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, (i) our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the H Shares which will be converted from A Shares and offered by the Selling Shareholders pursuant to the relevant PRC regulations relating to reduction of state-owned shares and the additional H Shares converted from A Shares and offered by the Selling Shareholders upon the exercise of the Over-allotment Option. Except for the A Shares of our Company that have been listed on the Shanghai Stock Exchange and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of the Shares or loan capital of our Company is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Offer Shares on the Hong Kong Stock Exchange and the compliance with the stock admission requirements of

HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements that may affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing to, purchasing, holding or disposing of, and/or dealing in the H Shares (or exercising rights attached thereto). None of us, the Selling Shareholders, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Underwriters, any of our or their respective directors, agents, employees or advisers or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the H Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register of members will be subject to Hong Kong stamp duty. For further details, please refer to the section headed •Appendix III „ TaxationŽ.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, the Stabilizing Manager or any person acting for it may over-allocate Shares or effect any other transactions with a view to stabilizing and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action.

In connection with the Global Offering, our Company and the Selling Shareholders are expected to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Representatives (on behalf of the International

Underwriters) no later than 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company and the Selling Shareholders may be required to issue at the Offer Price up to an aggregate of 71,841,000 H Shares, representing 15% of the total number of H Shares initially available under the Global Offering to, among other things, cover over-allocations in the Global Offering, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in the sections headed •Structure of the Global Offering „ StabilizationŽ and •Structure of the Global Offering „ The International Offering „ Over-allotment OptionŽ.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The application procedures for the Hong Kong Public Offer Shares are set out in the section headed •How to apply for Hong Kong Public Offer SharesŽ and on the relevant Application Forms.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of H Shares will be paid to Shareholders as recorded in our H Share register, and sent by ordinary post, at the Shareholders• own risk, to the registered address of each Shareholder.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and our H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until such holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- € agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association;

- € agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive. For further details, please refer to the

sections headed •Appendix IV „ Summary of Principal Legal and Regulatory ProvisionsŽ and •Appendix V „ Summary of The Articles of AssociationŽ;

€ agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

€ authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of the Directors of our Company or an existing shareholder of our Company or a nominee of any of the foregoing.

THE SELLING SHAREHOLDERS

RMB to HK$ exchange rate is quoted by the PBOC for foreign exchange transactions prevailing on November 4, 2016. The US$ to HK$ exchange rate is set forth in the H10 weekly statistical release of the Federal Reserve Board of the United States on November 4, 2016. These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB, HK$ or US$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

TRANSLATION

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities included in this prospectus for which no official English translation exists are unofficial translation and for reference only.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yang Guoping (@ 7 ;)	Room 402, No. 2 Lane 271, Xingguo Road Xuhui District Shanghai PRC	Chinese
Mr. Zhong Jinxing (¤ Ü ;)	Room 501, No. 14 Lane 1058, Zhenguang Road Shanghai PRC	Chinese
Mr. Liang Jiawei (Ñ —$)e	No. 15, Lane 57, Longchang Road Yangpu District Shanghai PRC	Chinese
Ms. Yu Min (º ½)	Room 1102, No. 11 Lane 229, Fugui East Road Changning District Shanghai PRC	Chinese
Mr. Yang Jicai (@ 1 ‘)	Room 602, No. 11 Lane 398, Hami Road Changning District Shanghai PRC	Chinese
Mr. Zhuang Jianhao (•)	Room 1405, No. 59 Lane 91, Zhongtan Road Shanghai PRC	Chinese

Name	Address	Nationality
Non-executive Director		
Mr. Li Songhua (½ 6)	1505 Room, No. 4 Lane 1060 Lujiabang Road Shanghai PRC	Chinese
Independent Non-executive Directors		
Mr. Cai Jianmin (ù O)	Room 1701, No. 15 Lane 888, Jinxiu Road Pudong New District Shanghai PRC	Chinese
Mr. Chow Siu Lui (E ƒ ¾)	Room B, 20/F, Serene Court 8 Kotewall Road Hong Kong	Chinese (Hong Kong)
Mr. Yan Xuehai (Y ª)	No. 162, Lane 2000 Yunshan Road Pudong New district Shanghai PRC	Chinese
Mr. Yao Cho Fai Andrew (ü Y >)	16/F, No. 34 Belleview Drive Repulse Bay Hong Hong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Ms. Cao Yongqin (Î Q Ï)	Room 1001, No. 305 Guangyuan West Road Shanghai PRC	Chinese
Ms. Zhao Siyuan (»)	Room 201, No. 42 Lane 2899, Hongmei Road Minhang District Shanghai PRC	Chinese

Name	Address	Nationality
Mr. Yang Weibiao (@ z)	Room 2001, 20/F Building 14 No. 726 Xinhua Road Shanghai PRC	Chinese

Further information is disclosed in the section headed •Directors, Supervisors and Senior ManagementŽ.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors (in alphabetical order)	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Haitong International Capital Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Global Coordinators	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	China Everbright Securities (HK) Limited 24th Floor, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Joint Bookrunners

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BOCI Asia Limited
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Hong Kong

China Merchants Securities (HK) Co., Limited

Joint Lead Managers

China International Capital Corporation
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BOCI Asia Limited
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China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
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Hong Kong

Co-Managers

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Admiralty
Hong Kong

CSL Securities Limited
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88 Connaught Road Central
Central
Hong Kong

Alliance Capital Partners Limited
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15/F, Wing On House
71 Des Voeux Road Central
Central
Hong Kong

Legal Advisers to our Company

as to Hong Kong law:
Morrison & Foerster
33/F, Edinburgh Tower, The Landmark
15 Queen•s Road Central
Hong Kong

as to PRC law:
Jin Mao P.R.C. Lawyers
19/F, Sail Tower
No. 266 Hankou Road
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Shanghai 200001
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Legal Advisers to the Underwriters

as to Hong Kong law:
Latham & Watkins
18th Floor, One Exchange Square
8 Connaught Place
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as to PRC law:
Grandall Law Firm (Shanghai)
23…25/F, Garden Square
968 West Beijing Road
Shanghai 200041
PRC

Reporting Accountant	BDO Limited 25/F, Wing On Centre 111 Connaught Road Central Hong Kong
Compliance Adviser	Haitong International Capital Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Receiving Banks	Bank of China (Hong Kong) Limited 1 Garden Road Central Hong Kong Standard Chartered Bank (Hong Kong) Limited 15 Floor, Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong

Registered Office	518 Shangcheng Road Pudong New Area Shanghai PRC
Headquarters and Principal Place of Business in the PRC	8/F, Dazhong Building 1515 Zhongshan West Road Shanghai PRC
Principal Place of Business in Hong Kong	3011, Tower 6, The Gateway 1 Canton Road Tsim Sha Tsui Hong Kong
Company Website	www.dzug.cn (information contained in this website does not form part of this prospectus)
Joint Company Secretaries	Ms. Zhao Fei (» -) Room 201, No. 41 Lane 1493, Meichuan Road Jiading District Shanghai PRC
	Mr. Wong Yat Tung (» Ú) (An associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators) 18/F, Tesbury Centre 28 Queen•s Road East Wanchai Hong Kong
Authorized Representatives	Mr. Liang Jiawei (Ñ —$)e No. 15, Lane 57, Longchang Road Yangpu District Shanghai PRC

	Mr. Wong Yat Tung (» Ú) 18/F, Tesbury Centre 28 Queen•s Road East Wanchai Hong Kong
Audit Committee	Mr. Cai Jianmin (ù O) (Chairman) Mr. Yao Cho Fai Andrew (ü Y >) Mr. Yan Xuehai (Y ª)
Nomination Committee	Mr. Yao Cho Fai Andrew (ü Y >) (Chairman) Mr. Yang Guoping (@ 7 ;) Mr. Cai Jianmin (ù O)
Remuneration and Appraisal Committee	Mr. Yao Cho Fai Andrew (ü Y >) (Chairman) Mr. Yang Guoping (@ 7 ;) Mr. Cai Jianmin (ù O)
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712…1716, 17th Floor, Hopewell Centre 183 Queen•s Road East Wanchai Hong Kong
Principal Bankers	Industrial and Commercial Bank of China, Shanghai Branch Century Finance Mansion No. 9 Pudong Avenue Pudong New District Shanghai PRC China Minsheng Bank, Shanghai Branch No. 100 Pudong South Road Pudong New District Shanghai PRC China Merchants Bank, Shanghai Branch Shanghai Merchant Mansion No. 161 Lujiazui East Road Shanghai PRC

The information presented in this section is, including certain facts, statistics and data, derived from the market research report (• CIC Report Ž) prepared by China Insights Consultancy Limited, which was commissioned by us and from various official government publications and other publicly available publications, unless otherwise indicated. We believe that these sources are appropriate for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Selling Shareholders, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy, completeness or fairness. The information and statistics may not be consistent with other information and statistics compiled within or outside of the PRC. As a result, excessive reliance on the information contained in this section shall be avoided.

INTRODUCTION

We commissioned CIC, a consulting company and an Independent Third Party, to conduct research and analysis of, and to produce a report on, China•s urban public utilities, financial investment, financial service market and other economic data at a fee of RMB1,050,000. The CIC Report has been prepared by CIC independent of our influence. CIC is a consulting firm founded in Hong Kong. It provides professional industry consulting across multiple industries. CIC•s services include industry consulting service, commercial due diligence, strategic consulting, etc.

Our Directors are of the view that the information set 8(inf)29TJ T* [(f)29.6(is,)-19sioned due diligence-1

industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumptions and factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report.

Our Directors confirms that there is no adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information contained therein.

CHINA•S URBAN PUBLIC UTILITIES MARKET

China•s city gas market

Production and consumption volume of China•s natural gas

China•s production volume of natural gas increased to 135.0 billion cubic meters in 2015 from 95.8 billion cubic meters in 2010, with a CAGR of 7.1% from 2010 to 2015. It is expected production volume will further grow at a CAGR of 6.6% between 2015 and 2020, reaching 186.1 billion cubic meters by 2020. Consumption volume of natural gas in China increased to 191.0 billion cubic meters in 2015 from 106.9 billion cubic meters in 2010, with a CAGR of 12.3% from 2010 to 2015. It is expected consumption volume will reach 262.7 billion cubic meters in 2020, with a CAGR of 6.6% between 2015 and 2020. The production volume of domestic natural gas was not able to fulfil the demand. China imports natural gas in order to make up shortage of natural gas supply. The reliance on import of natural gas is expected to continue in future.

The diagram below sets forth the production and consumption volume of natural gas in China for the indicated year:

Market drivers of China•s natural gas market

Implementation of environmental protection: the Chinese government has promulgated favourable policies to optimize the energy structure in order to tackle the problem of pollution. The ratio of consumption volume of natural gas in primary energy is expected to reach 10% and

Natural gas has become a primary city gas resource since 2010. Supply volume of Shanghai•s natural gas was 4.5 billion cubic meters in 2010 and increased to 7.2 billion cubic meters in 2015 at a CAGR of 9.9% from 2010 to 2015, and is expected to reach 9.5 billion cubic meters in 2020 at a CAGR of 5.7% from 2015 to 2020.

Supply volume of Shanghai•s coal gas has kept decreasing since 2010. According to the 12th Five Year Plan of Shanghai, coal gas would no longer be supplied by the end of 2015.

The table below sets forth the actual and estimated supply volume of city gas for the years indicated:

	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	CAGR (2010… 2015)	CAGR (2015… 2020E)
Natural gas (BCM)	4.5	5.4	6.3	6.9	7.0	7.2	7.7	8.2	8.6	9.1	9.5	9.9%	5.7%
Coal gas (BCM)	1.4	1.2	0.9	0.6	0.3	0.1	…	…	…	…	…	-41.0%	-100%
LPG (BCM)	4.0	3.9	3.9	4.0	4.2	4.2	4.2	4.0	3.8	3.6	3.4	1.0%	-4.1%
Total city gas (BCM)	9.9	10.5	11.1	11.5	11.5	11.5	11.9	12.2	12.4	12.7	12.9	3.0%	2.3%

Source: the CIC Report

Competitive landscape of city gas in Shanghai

The natural gas for large-scale industrial users and power plants in rural areas in Shanghai is supplied by Shanghai Natural Gas Pipeline Network Company Ltd.

Shanghai Dazhong Gas ranked first among the three companies that supply natural gas in Shanghai•s urban areas in terms of length of pipeline under operation in 2015.

Rank	Company	Length of pipeline under operation	Supply volume of natural gas	Share among the three companies in terms of supply volume
		(kilometer)	(BCM)	
1	Shanghai Dazhong Gas (} : ÷)	~6,325	~0.9	~36.0%
2	North Shanghai Gas (9 ÷)	~6,000	~0.9	~36.0%
3	Pudong Gas (÷)	~5,800	~0.7	~28.0%

Note: these three companies are the only suppliers of natural gas in Shanghai Urban Area.

Source: the CIC Report

As the largest natural gas supplier in Shanghai in term of length of pipelines, Shanghai Dazhong Gas has been the sole supplier of piped natural gas in the South Puxi Area since 2001. Shanghai Dazhong Gas owned and maintained approximately 6,325 kilometers underground pipeline in the South Puxi Area. The South Puxi Area, where its natural gas is supplied by Shanghai Dazhong Gas. The per capita GDP of South Puxi Area was approximately RMB162.3 thousand and its GDP accounted for 19.0% of Shanghai•s GDP in 2014. Meanwhile, the population of residents in the South Puxi Area was approximately 2,755.3 thousand, which accounted for 11.4% of Shanghai population in 2014.

In September 2014, Shanghai DRC adopted a tiered natural gas price structure for residential users in Shanghai. Under tiered natural gas price structure, natural gas price is based on the consumption volume of natural gas. The tiered price structure replaced the former natural gas price at a flat rate of RMB2.5 per cubic meter which was in place since 2008. The table below sets forth the retail price of natural gas for residential users in Shanghai since the implementation of the tiered natural gas price structure:

	Consumption volume per year	Retail price
	(cubic meter)	(RMB per cubic meter)
Tier one	0…310 (310 included)	3.0
Tier two	310…520 (520 included)	3.3
Tier three	More than 520	4.2

Source: China Insights Consultancy, Shanghai Municipal Gas Management Office

The table below sets forth the retail price of natural gas for non-residential users in Shanghai for the indicated years:

		Price (RMB/cubic meter)			
User category		2011…2012	2013	2014	2015
Caojing Cogeneration		2.22	2.62	2.82	2.40
Natural gas power generation		2.32	2.72	2.92	2.50
Chemical industrial area		2.57	2.97	3.17	2.75
Industrial users supplied by urban natural gas suppliers	>5 million cubic meters	3.39	3.79	3.99	3.57
	1.2…5 million cubic meters	3.89	4.29	4.49	4.07
	<1.2 million cubic meters	4.19	4.59	4.79	4.37
Other non-residential users supplied by urban natural gas suppliers	>5 million cubic meters	2.99	3.39	3.59	3.17
	1.2…5 million cubic meters	3.49	3.89	4.09	3.67
	<1.2 million cubic meters	3.79	4.19	4.39	3.97

Source: Shanghai Municipal Development and Reform Commission, China Insights Consultancy

Since China•s natural gas reserve is fixed, it is expected that Shanghai•s natural gas retail price still has potential to increase.

Competitive landscape of city gas in Nantong Area

Nantong city is one of the major prefecture-level cities in Jiangsu Province. Based on the data of the Nantong Statistics Bureau, Nantong Area had over 7.3 million residents and a GDP of RMB614.8 billion in 2015. Nantong ranked third in Jiangsu province and 24th in China in terms of GDP in 2015.

We have expanded natural gas supply operation to Nantong Area since 2003 and is currently at the long-established leading position as a piped natural gas supplier in Nantong Area. Nantong Dazhong Gas is the dominant pipeline natural gas operator in Nantong Area under the concession to transmit and sell piped natural gas to customers in the operating area. Nantong Dazhong Gas accounted for approximately 80% of natural gas supplied in Nantong urban area in terms of volume in 2015.

The table below sets forth the retail price of natural gas for residential and non-residential users in Nantong Area for the indicated years:

Volume of China•s municipal wastewater treatment

With the rising total treatment capacity of municipal wastewater treatment plants and treatment rate, the treatment volume of municipal wastewater has increased from 31.2 billion cubic meters in 2010 to 40.2 billion cubic meters in 2014, with a CAGR of 6.5% from 2010 to 2014 in China.

With support of the government and rising market demand, China•s municipal wastewater treatment market has a significant increasing space. The treatment volume of China•s municipal wastewater market is expected to reach 52.1 billion cubic meters in 2020 with a CAGR of 4.8% from 2015 to 2020. Average processing rate of municipal wastewater plants has steadily increased from 82.3% in 2010 to 90.2% in 2014. The average processing rate is expected to keep rising in the following years, reaching 96.5% in 2020.

Improvement of discharge standard: three levels of wastewater discharge standards were issued, and the standard with the lowest level (level 3) is widely applied in most regions in China. With the implementation of environmental protection, the discharge standard is likely to be improved. The improvement of discharge standard is a catalyst to increase wastewater treatment tariff. The improved discharge standard is estimated to require the operating company to upgrade wastewater treatment facilities and increase treatment cost. Driven by this, it is likely to increase wastewater treatment tariff and to drive the municipal wastewater treatment market.

Accelerating urbanization and steady industrialization: China•s urbanization process is expected to be accelerated and industrialization process is estimated to continue. Driven by this, more wastewater treatment plants are likely to be built in small and medium-sized cities and the demand of wastewater treatment in large cities is estimated to grow further.

Driver of the action plan to tackle water pollution: The Action Plan to Tackle Water Pollution was issued by The State Council of China in April 2015. This plan proposes 10 measures including comprehensively controlling discharge of pollutants, enhancing scientific and technological support and making full use of a market-oriented system, etc. The private capital is encouraged to enter into the municipal wastewater treatment market. It is expected that a total amount of RMB2 trillion will be invested to tackle problems of water pollution in the next ten years.

Entry barriers of China•s wastewater treatment market

Capital barrier: the construction of wastewater treatment plants and related ancillary facilities requires substantial funding. The investment payback period generally ranges from 5 to 10 years or longer. New entrants may therefore have trouble obtaining the necessary financing to cover initial investment and operating cost.

Competitive landscape of wastewater treatment market in Shanghai

There are 45 wastewater treatment plants with wastewater treatment capacity of over 10 thousand cubic meters per day in Shanghai in 2014. The total wastewater treatment volume was approximately 2,200.9 million cubic meters in 2014 in Shanghai.

The table below sets forth the ranking of major competitors by wastewater treatment volume, Shanghai in 2014:

Rank	Company (Shanghai)	Number of wastewater treatment plants	Treatment volume (million cubic meter per year)
1	Shanghai Municipal Investment	18	1,745
2	Shanghai Dazhong Environment	1	49.1
3	Shanghai West Fengxian Wastewater Treatment	1	42.7
4	Shanghai Songshen Water Purification	1	41.9

Source: the CIC Report

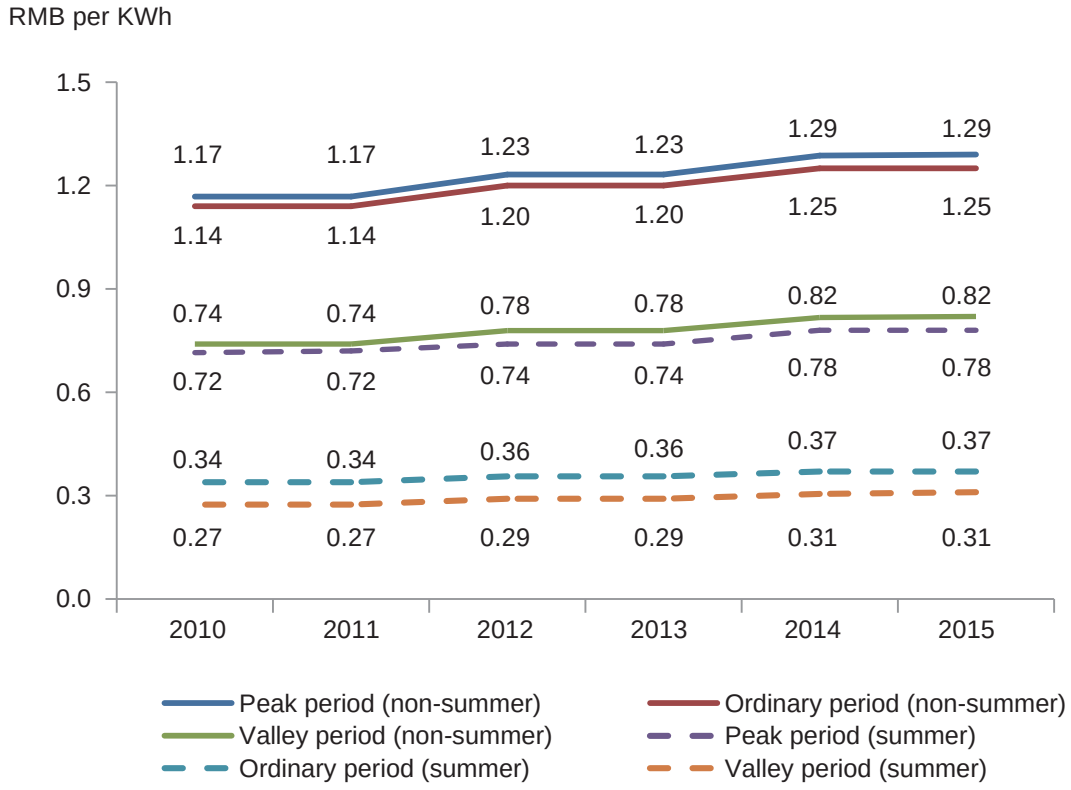
The local government in Shanghai charges a wastewater treatment fee on tap water end users. The retail price of wastewater treatment in Shanghai charged by local governments is categorized by user type. With the promulgation of a series of environmental policies, the requirement on the quality of the treated wastewater in Shanghai is becoming increasingly strict. Therefore, the retail price of wastewater treatment is expected to increase correspondingly in the future.

The table below sets forth the retail price of wastewater treatment charged by local governments in Shanghai for the indicated years:

User type	2011 ... 2015 Price (RMB/cubic meter)	User type	2016 Price (RMB/cubic meter)

Operational cost of wastewater treatment plant in Shanghai

Electricity cost accounts for a major part of the cost for wastewater treatment plants. The table below sets forth electricity price for industrial and commercial users in Shanghai for the indicated years.



Note: the electricity prices refer to the prices with voltage less than 1 kilovolt for industrial and commercial users.

Source: the CIC Report

Competitive landscape of wastewater treatment market in Xuzhou

There are 34 wastewater treatment plants, each of which has wastewater treatment capacity of 10 thousand cubic meters per day or above in Xuzhou. About 15 companies are related with operation of these plants. The total wastewater treatment volume was 305.9 million cubic meters in 2014 in Xuzhou.

Rank	Company (Xuzhou)	Number of wastewater treatment plants	Treatment volume (million cubic meter per year), 2014
1	Jiangsu Dazhong Water	5	64.1
2	Anhui Guozhen Group	1	62.2
3	China Nuclear Industry 23 Construction Co., Ltd.	1	52.5
4	Xuzhou Xinshui State-owned Assets Management	3	24.5
5	Kangda International Environmental	2	18.4

Source: the CIC Report

Road tunnel market in Shanghai

In 2015, the registered capital of China•s micro-credit companies was RMB845.9 billion. The registered capital of micro-credit companies in Shanghai accounted for 2.2% of the national registered capital.

Industry drivers of China•s micro-credit market include favourable government policies, rapid development of SMEs, growing financing guarantee market and convenient financing procedures.

Competitive landscape of China•s financial leasing market

Number of companies in China•s financial leasing market increased to 4,508 in 2015 from 261 in 2010, with a CAGR of 76.8% for 2010 to 2015.

Industry drivers of China•s financial leasing industry include supportive government policies, increasing urban fixed assets investment and encouraging free trade area policies.

Our business operations are primarily conducted within China. Therefore our operations are subject to the requirements of the relevant Chinese laws, regulations and normative documents. A summary of such laws, regulations, and normative documents are as follows:

THE LAWS AND REGULATIONS OF THE PRC RELATING TO THE MUNICIPAL PUBLIC UTILITIES INDUSTRY

Natural Gas Supply and Sales Business

Gas development planning

On November 19, 2010, the State Council promulgated the Measures on the Administration of Municipal Gas , which were implemented on March 1, 2011 and later amended on February 6, 2016. The purpose of the Measures was to strengthen the management of municipal gas, to guarantee the supply of gas, and to prevent and reduce safety accidents

(8) the applicant who engages in liquefied petroleum gas (•LPGŽ) operations shall have production facilities for shipping, receiving and unloading, storage, filling, and other matters, as well as an installation for handling the recovery of LPG residue; and

(9) the applicant must meet other conditions required for under the laws and regulations.

Pursuant to the Measures of Jiangsu Province on the Administration of Gas promulgated by the Standing Committee of the Jiangsu Provincial People•s Congress on April 1, 2005 and implemented on July 1, 2005, a licensing system will be implemented for pipeline gas in Jiangsu Province. Enterprises applying for pipeline gas licenses must satisfy the following conditions:

(1) the applicant must be an enterprise legal entity approved and registered according to law;

(2) the applicant must satisfy the relevant safety production conditions;

(3) the applicant must have excellent bank c2(and)-312ding to

Gas facilities safety

Pursuant to the Measures of Shanghai Municipality on the Administration of Gas , gas operators shall strengthen their scheduled safety inspections of gas consumer facilities. Shanghai Gas Administrative Office and district and county gas administrative departments shall supervize the performance of safety inspections. Gas operators shall perform follow up inspections of consumer facilities free of charge every two years with respect to residential consumer gas meter apparatus outlets, and of installation and usage conditions, and shall provide consumers with technical guidance on the safe use of gas.

Pursuant to the Measures of Jiangsu Province on the Administration of Gas , a gas operator shall establish a responsibility system for the safe management of gas and a sound safety management network, and shall conduct scheduled inspections, repairs and upgrades of its gas facilities. If any hidden hazards which may result in an accident are discovered, they should be immediately eliminated. The gas operator shall make scheduled inspections of the gas consumer•s gas meter, pipelines, and their auxiliary facilities, and the operating condition of gas apparatus. If it is discovered that the consumer has contravened the rules for the safe use of gas, the gas operator shall dissuade the consumer from so doing and shall stop the consumer from engaging in such behavior. The gas operator shall inspect pipeline gas facilities constructed by industrial mining enterprises and public utilities for their own use, and may supply them with gas only after it has been confirmed that said facilities are in compliance with safety requirements.

Prevention and handling of gas safety accidents

Pursuant to the Measures of Shanghai Municipality on the Administration of Gas , gas operators shall accept consumer requests for repairs 24 hours a day, and after receiving a request to perform repairs shall send staff to the site to perform repairs within the promised deadline or at a time agreed upon with the consumer. In the event that a gas leak is reported, the gas operator shall first inform the consumer with what emergency measures he or she must take and immediately dispatch staff to the site to perform emergency repairs.

Pursuant to the Measures of Jiangsu Province on the Administration of Gas , gas operators shall formulate emergency plans for dealing with gas safety accidents, shall be manned with emergency personnel, shall be equipped with the necessary emergency equipment and materials, shall organize scheduled emergency drills, and shall establish sound gas safety evaluation and risk management systems. In the event that a hidden hazard which may result in a gas safety accident is discovered, the gas operator shall immediately take measures to eliminate the hazard.

Natural gas pricing mechanism

Pursuant to the Pricing Law of the People•s Republic of China promulgated by the Standing Committee of the National People•s Congress on December 29, 1997 and implemented on May 1, 1998, the state would implement and gradually improve the mechanism for pricing, primarily formed by market conditions under macroeconomic regulation and control. Market adjusted prices would be implemented for most goods and services. Government guided pricing or pricing set by the government would be implemented for a very small number of goods and services. Market adjusted pricing refers to pricing set by an operator based on cost of production and operating and market supply and demand. When necessary, the government may implement government guided pricing or government set pricing for (1) a small number of goods and services which have a strong and material connection with the development of the national economy and with the people•s livelihood; (2) prices of a small number of goods with scarce resource; (3) prices of goods under natural monopoly operations; (4) prices in connection with important public utilities; and (5) prices of important services in the public interest. With the exception of government guided prices or government set prices applied in connection with the above stated provisions, pricing for goods and services shall be implemented based on market-adjusted prices, and shall be independently formulated by the operator.

The competent pricing authority of the State Council and its relevant departments shall formulate government guided prices and government set prices in accordance with their authority and specific range of application to set prices as provided for under the Central Government•s Catalogue of Set Prices. Among these, prices guided by the government and prices set by the government for the prices of important goods and services shall be approved by the State Council in accordance with the regulations.

The competent pricing authorities and their relevant departments at the People•s Governments of autonomous regions and of direct controlled municipalities of the Central Government shall formulate government guided prices and government set prices implemented in their respective localities in accordance with their authority and specific range of application to set prices as provided for under the Local Catalogue of Set Prices.

People•s governments at the municipal and county levels may formulate government guided prices and government set prices implemented in their respective localities in accordance with the authority given by the Central Government to the People•s Governments of the provinces, autonomous regions, or direct controlled municipalities of the Central Government, and may formulate government guided and government set prices implemented in their respective localities in accordance with their authority and specific range of application to set prices as provided for under the Local Catalogue of Set Prices.

1. Reform of Natural Gas Prices

Pursuant to the Notice of the NDRC on the Adjustment of the Price of Natural Gas promulgated and implemented on June 28, 2013 (Fa Gai Jia Ge [2013] No. 1246) the Chinese government will control gateway station prices (and not ex-factory prices). Municipal gateway station prices are prices which are guided by the government and are implemented under the highest limit on the administration of prices. Parties may negotiate and determine specific prices within the highest limit on price ranges stipulated by the government. Gateway station prices shall apply to onshore natural gas produced in China and imported pipeline natural gas. Prices of liquefied natural gas, or LNG, shall be negotiated and determined by the parties who supply natural gas. The government policy on the relevant adjustment of fixed prices for natural gas was implemented on July 10, 2013. The main content of this policy is as follows:

(1) The government shall establish a dynamic adjustment mechanism which reflects the degree of market supply and demand and scarcity of resources and which can be linked up with the price of alternative energy, to gradually rationalize the price of natural gas and to lay the foundation for ultimately achieving the complete marketisation of natural gas prices.

(2) Natural gas price adjustments shall be divided into those for inventoried gas and those for incremental gas. Inventoried gas is those gas reserves which could actually be used in 2012. Incremental gas refers to that portion of natural gas which exceeds the amount of natural gas used in 2012. The gateway station price of incremental gas was further adjusted to a level of 85% of the price of alternative energy starting from the latter half of 2012 and shall no longer be categorized based upon the purpose for which it is used. The gateway station price of inventoried gas was appropriately raised, of which the actual amount of the maximum increase in the price of gas used for chemical fertilizer, based on existing gateway station prices, did not exceed RMB0.25 per cubic meter. The actual amount of the maximum increase in the price of gas based on existing gateway prices for gas used by other consumers did not exceed RMB0.4 per cubic meter.

(3) Prices for natural gas used by residential consumers did not undergo any price adjustments. In 2013 the price of gas used by residential consumers in cities whose natural gas supplies had newly come on line was implemented in accordance with the policy for the gateway station price of inventoried gas at the provincial level. In 2013 after the adjustment of the price of natural gas, the highest gateway station price for natural gas used by non-residential consumers in areas of Jiangsu Province was RMB2.42 per cubic meter of inventoried gas and RMB3.30 per cubic meter of incremental gas. In Shanghai, the price for inventoried gas is RMB2.44 per cubic meter and the price for incremental gas is RMB3.32 per cubic meter.

(4) Each locality should reasonably arrange selling prices for natural gas used in vehicles in conjunction with actual local conditions.

these natural gas price adjustments before September 1, 2013. The said Notice also stipulated that sales prices for natural gas used in vehicles would be independently adjusted by each locality in accordance with changes in the cost of purchasing natural gas.

2. Starting in 2014, Gradual Implementation of a Tiered Pricing System for Gas Used by Residential Consumers

According to the Guiding Opinion on Establishing a Sound System for Tiered Pricing of Gas Used by Residential Consumers, promulgated by the NDRC on March 20, 2014, (Fa Gai Jia Ge [2014] No. 467), a sound nationwide tiered gas pricing system for gas used by persons on a daily basis (all gas supplied to residential homes through municipal gas pipeline networks) would be established in order to further promote the sustainable, healthy development of the natural gas market, safeguard people•s basic requirements for the use of gas, and encourage people to use gas in a reasonable manner and conserve gas.

(1) Basic Principles

Residential consumers who used more gas would commensurately bear a greater burden.

(2) Main content:

1. Determination of levels of gas usage: based on satisfying different gas usage requirements, gas usage by residential consumers is divided into three levels, of which:

Level One: Gas usage is determined based on average monthly usage by 80% of residential household consumers in the coverage area, to ensure that basic usage requirements for use of gas by residents are met.

Level Two: Gas usage is determined based on average monthly usage by 95% of residential household consumers in the coverage area to achieve improvements and an increase in the quality of life for residents in their requirements for the reasonable use of gas.

Level Three: Gas usage exceeds the portion of gas usage indicated in Level Two.

2. Arrangement of price levels for gas: progressive price increases with respect to excessive amounts will be implemented for each price level of gas usage, of which:

   € Level One Gas Pricing will be determined according to the principle of providing basic compensation for the cost of supplying gas.

   € Level Two Gas Pricing will be determined according to the principle of providing basic compensation for the cost of supplying gas and for obtaining reasonable profits. Price levels in principle will be approximately 1.2 times higher than Level One price levels.

   € Level Three Gas Pricing will be formulated based on the principle of fully reflecting the degree of the shortage of natural gas resources, in order to control excessive consumption. Price levels in principle will be approximately 1.5 times higher than Level One price levels.

According to the Notice of the Shanghai Urban and Rural Development and Transportation Commission on Abolishing Fees for Gas Facilities (Hu Jia Guan [2014] No. 7), various gas enterprises in Shanghai will no longer charge a gas facilities fee for residential consumers who file an application to install new gas units or services. This Notice supersedes the Notice originally issued by Shanghai Municipal Pricing Bureau (Hu Jia Gong [2002] No. 025). Various gas enterprises and other units may not under any other auspices or by any other means charge fees for gas facilities.

According to the Official Letter of Reply of the Shanghai Municipal Development and Reform Commission on the Adjustment of Pipeline Gas Prices for Residential Consumers in Shanghai promulgated by Shanghai Municipal Development and Reform Commission on August 4, 2014 and implemented on September 1, 2014, (Hu Fa Gai Jia Guan [2014] No. 13), residential pipeline natural gas tiered pricing implemented by Shanghai Municipality: (1) will be divided into levels based on the volume of gas consumed; based on national guidelines, gas volume consumed for residential use is divided into three levels, determined, respectively, based on 80% of the average monthly usage in the coverage area, 95% of average monthly usage in the coverage area, and that portion of gas usage which exceeds the preceding level of 95%; based on the actual situation for Shanghai, annual gas usage for households corresponding to Level One is 0…310 (inclusive) for every cubic meter; annual gas usage for households corresponding to Level Two is 310…520 (inclusive) for every cubic meter; annual gas usage for households corresponding to Level Three is 520 or more for every cubic meter; (2) will be divided into levels based on the price of gas. Progressive price increases with respect to excessive volume amounts will be implemented for each price level for gas volume. The price for gas at the First Level will be increased by RMB0.50 per cubic meter, an adjustment from the current price of RMB2.50 per cubic meter to RMB3.00 per cubic meter.

Level Two gas pricing will be 1.1 times higher than Level One pricing, i.e., RMB3.30 per cubic meter. Level Three gas pricing will be 1.4 times higher than Level One pricing, i.e., RMB4.20 per cubic meter.

On April 11, 2014, Jiangsu Provincial Price Bureau promulgated the Notice of the Provincial Price Bureau on Matters in Connection with the Establishment of a Sound Tiered Pricing System for Residential Use of Gas (Su Jia Gong [2014] No. 118) which required all cities with gas services located inside Jiangsu Province to establish and complete a tiered price system for residential use of gas by the end of 2015. In accordance with satisfying different gas usage requirements, residential gas usage would be divided into three levels. Under Level One and Level Two, gas usage would be determined based on 80% and 95%, respectively, of average monthly usage by residential household consumers in the respective coverage areas. Sources involving independent use of gas for heating purposes were uniformly included in the tiered pricing system. Principles for Level One, Level Two and Level Three gas pricing respectively were approximately based on a ratio of 1.1:1.2:1.5. Non-residential consumer gas prices with respect to implementing residential consumer gas prices, were determined based on average levels of Level One and Level Two gas prices for local residents. In principle, the family residence was used as the unit for implementing tiered prices for gas used by residents.

3. Adjustment of Prices for Gas Usage by Non-residential Consumers in 2014

According to the NDRC Notice on Adjusting Natural Gas Prices of Inventoried Gas Used by Non-Residential Consumers (Fa Gai Jia Ge [2014] No. 1835) promulgated by the NDRC on August 10, 2014 and implemented on September 1, 2014 in order to carry out important tasks under the overall arrangement for deepening systemic reform in the economy in 2014, in accordance with the fixed objective of adjusting and merging natural gas prices based on natural gas volume and incremental natural gas amounts in 2015, NDRC made further adjustments to the price of natural gas stocks for non-residential use. After said adjustments had been made, the highest selling price of gas stocks for non-residential use was raised to RMB0.4 per cubic meter, while no adjustments were made to the gateway station price of natural gas for residential use. The selling price of natural gas for use in vehicles can be independently determined, taking into account actual T.9(s)]TJRumstances at each locality. The government policy for adjusting fixed prices of said natural gas started to be carried out from September 1, 2014.

According to the Notice on the Implementation of Linked Adjustments in the Selling Prices of Gas for Non-residential Consumers in Shanghai, promulgated by Shanghai Municipal Development and Reform Commission (•SMDCŽ) on September 25, 2014 (Hu Fa Gai Jia Guan [2014] No. 19) in addition to the requirements under doRument Fa Gai Jia Ge [2014] No. 1835, an upward adjustment of RMB0.20 per cubic meter was made in the selling (benchmark) prices of various types of natural gas used by non-residential consumers, and the price of natural gas supplied to buses which ran on natural gas was adjusted to RMB5.30 per cubic meter, effective from October 1, 2014.

According to the Notice on the Adjustment of the Settlement Prices of Natural Gas of the Municipality promulgated on November 18, 2014 by Shanghai Municipal Development and Reform Commission (Hu Jian Guan [2014] No.1001), relevant adjustments to the settlement prices of natural gas between Shanghai Gas (Group) Co., Ltd. and each gas sales company shall be made in accordance with the adjustment of the selling prices of piped natural gas for residential consumers and the selling (benchmark) prices of natural gas for non-residential consumers pursuant to •Hu Fa Gai Jia Guan [2014] Article No.13Ž and •Hu Fa Gai Jia Guan [2014] Article No.19Ž. The selling prices of natural gas for residential and non-residential consumers were adjusted upward by RMB0.50 per cubic meter (at the First Level) and RMB0.20 per cubic meter, respectively. The settlement prices between Shanghai Gas (Group) Co, Ltd. and sales companies were adjusted upward accordingly by 1% to 8% of the sum of (1) RMB0.50 multiplied by the proportion of volume consumed by non-residential consumers of each sales and (2) RMB0.20 multiplied the proportion of volume consumed by non-residential consumers of each sales company.

On August 27, 2014, the Jiangsu Provincial Price Bureau promulgated the Notice of the Jiangsu Provincial Price Bureau on the Transmission of the NDRC Notice on Adjusting Natural Gas Prices on Inventoried Gas Used by Non-residential Consumers (Su Jia Gong [2014] No. 295), which required that the competent pricing authorities at various cities and towns in

According to the

After this natural gas price adjustment, the benchmark gateway station price for natural gas for non-residential consumers in Shanghai Municipality and its districts shall be RMB2.18

number for gas volume is 600 cubic meters or more, sold at a price of RMB3.60 per cubic meter. Tiered gas prices are calculated according to the natural year. A family household has four people or more. For every additional person in a household, the base number for gas volume consumed will be increased by 75 cubic meters, respectively. For schools, nurseries or kindergartens, retirement homes or welfare organizations, social and public services facilities, or small residential areas which share facilities, the selling price is RMB2.40 per cubic meter.

(2) Establish a linked selling price mechanism for pipeline natural gas used by residential consumers. When the cumulative degree of change in prices in adjustments to the prices of upstream natural gas gateway stations reaches or exceeds 5% (five percent), while maintaining an unchanging differential ratio between the tiered gas volume and tiered pricing, adjustments will be made in the same direction as the degree of the change in price to the selling prices of pipeline natural gas used by residential consumers. If the cumulative degree of the change does not reach 5% (five percent) or if during the same linked movement cycle, after implementing a linked movement, there is another change in the gateway station price of natural gas, this change will be cumulatively calculated in the following linked movement cycle. The linked movement cycle may be adjusted from time to time according to adjustments in state gateway station prices, generally for no less than six months.

The above scheme was implemented since January 1, 2016.

Wastewater Treatment Industry

Qualifications and requirements for Wastewater treatment enterprises

Pursuant to the Provisions on Municipal Drainage and Wastewater Treatment promulgated by the State Council on October 2, 2013 and implemented on January 1, 2014, entities engaged in the maintenance and operation of municipal drainage and wastewater treatment facilities shall meet the following conditions: (1) an entity must be qualified as a legal person; (2) an entity must have adequate funding and appropriate equipment for maintenance and operation of municipal drainage and wastewater treatment facilities; (3) an entity have established operations management and safety management systems; (4) an entity must have technical personnel and personnel in key positions who have been trained and who have been qualified under the relevant examinations; (5) an entity must have a good track record and relevant experience in maintenance and operations; (6) an entity must meet other conditions as required under the laws and regulations. The competent authorities in charge of maintenance and operation of municipal wastewater treatment facilities shall enter into contracts of maintenance and operation with entities responsible for maintenance and operation of municipal wastewater treatment facilities, to clearly define the rights and obligations of both parties. Entities responsible for maintenance and operation of municipal wastewater treatment facilities shall conduct maintenance and operations in compliance with the laws, regulations and relevant provisions as well as with the said contracts of maintenance and operation, shall make regular

disclosures of maintenance and operation information to the public, and shall be subject to supervision by the relevant authorities and the general public

Pursuant to the Law of the PRC on Prevention and Control of Water Pollution, amended on February 28, 2008 and implemented on June 1, 2008, and its detailed implementing regulations, the State shall implement a system under which permits for pollutant discharge shall be issued. A company which operates centralized facilities for treatment of municipal wastewater shall obtain a pollutant discharge permit. Enterprises and institutions which do not have a permit or which contravene the rules under the discharge permit are prohibited from discharging wastewater or wastewater into bodies of water.

Pricing

Pursuant to the Law of the PRC on Prevention and Control of Water Pollution and the Administrative Regulations on the Levy and Use of Pollutant Discharge Fees promulgated by the State Council on January 2, 2003 and implemented on July 1, 2003, a pollutant discharge fee shall be levied on and paid by enterprises and institutions or individual industrial or commercial entities which directly discharge pollutants into bodies of water, according to the types and quantities of the pollutant discharge and based on the standard for levying said fee. Enterprises, institutions or entities which pay wastewater treatment fees to discharge wastewater to centralized facilities for treatment of municipal wastewater shall not pay additional pollutant discharge fees. Pollutant discharge fees may be waived, if the water quality of water discharged by centralized facilities for treatment of municipal wastewater is in accordance with standards stipulated by the state or local authorities for water pollutant discharge.

According to the Measures on Municipal Drainage and Wastewater Treatment, promulgated and implemented by the NDRC and the former Ministry of Construction on September 23, 1998, and the Administrative Measures on the Price of Water Supplied to Municipalities revised on November 29, 2004, work units and individuals who discharge water shall pay a wastewater treatment fee. The wastewater treatment fee shall be included in the

the same level. The billing standard (amount charged) for wastewater treatment fees shall not be lower than the normal operating cost of the municipal wastewater treatment facility If the wastewater treatment fee collected is insufficient to cover the normal operating cost of the municipal wastewater treatment facility, a subsidy may be provided by the local People•s Government, as deemed necessary.

According to the Circular of the NDRC, the Ministry of Finance, the Ministry of Housing and Urban and Rural Development on Issues Related to the Formulation and Adjustment of the Standard Charges for Wastewater Treatment Fees promulgated on January 21, 2015, the standard charges should make up for the operating cost and reasonable profit generated by the wastewater treatment facility. Before the end of 2016, the standard charge for the treatment of municipal wastewater should in principle be adjusted to no less than RMB0.95 per ton for residents and no less than RMB1.40 for non-residents. For county seats and key towns, in principle, the standard charge should be adjusted to no less than RMB0.85 for residents and RMB1.2 for non-residents. Wastewater treatment fees charged should be further increased in accordance with pollution prevention and control circumstances if the minimum fee standard still fails to cover costs and reasonable profits. Cities, counties and key towns which heretofore have not levied wastewater treatment fees shall at the latest begin to levy such fees by the end of 2015 and shall construct and commence operation of wastewater treatment facilities within three years.

Water quality

The water quality of domestic drinking water provided by various means of centralized and non-centralized water supplies in urban and rural areas shall comply with the standards set out in the Health Standards for Drinking Water Quality (GB5749-2006) implemented on July 1, 2007 The water quality of effluent flowing from municipal wastewater treatment plants shall comply with the standards set out in the Discharge Standards for Pollutants Discharged by Municipal

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Concession

Concession for infrastructure and public utilities may be conducted by the following ways:

(1) Within a time limit, the government authorizes a concessionaire to invest in and construct, or renovate and expand, and operate infrastructure and public utilities, and the concessionaire transfers the project back to the government at the exp(-38m1ixp(-38m1ixp01.9

projects. Concession projects shall be reported to the people•s government at the same level or the department authorized thereby for examination and approval of the implementation plans of concession projects. The people•s governments at or above the county level shall authorize relevant departments or entities as the implementing institutions to be responsible for relevant implementation work of concession projects and specify the specific scope of authorization.

Implementing institutions shall, according to the approved implementation plans of concession projects, choose concessionaires through bidding, competitive negotiation, and other competitive modes.

Implementing institutions shall enter into concession agreements under the law with the selected concessionaire.

Revenue from concession project

Pursuant to relevant laws, regulations and state provisions, concession agreements may provide for charging users or other ways for revenue of concessionaires. Where the charge for users is inadequate for concession constructions, operating costs and reasonable revenue, the government may grant available allowance, including rights for other development and operation granted by the government related to such concession project. Concession agreements shall provide for determination of specified price or charge as well as adjustment mechanism. The price or charge for concession projects shall be determined and adjusted according to relevant laws, regulations and concession agreements.

Performance of concession agreement

Each party of concession agreement shall abide by the principle of good faith in performing their obligations under the agreement.

Concession agreements involving new construction or reconstruction or expansion of infrastructures and public utilities shall comply with construction conditions and standards as stipulated by relevant laws and regulations on urban and rural planning, land control, environmental protection, quality control and safe production.

Concessionaires shall provide quality, uninterrupted, efficient and safe public products or public services under relevant laws, regulations, standards and concession agreements.

Concessionaires shall conduct periodic inspection and maintenance on concession projects according to technical specifications, so as to ensure normal operation of the utilities and delivery of assets as required upon expiry.

Concessionaires shall be subject to the duty of confidentiality in relation to national security and establish and implement related confidential system.

Concessions for the Wastewater Treatment Industry

According to the Measures for Municipal Drainage and Wastewater Treatment , the government shall encourage different forms of activity such as obtaining concession rights, or government procurement of services, to attract the participation of social capital in investment, to construct and operate municipal drainage and wastewater treatment facilities. After construction of municipal drainage and wastewater treatment facilities is completed and said facilities pass quality inspection, the competent authorities in charge of municipal drainage shall by various means such as solicitation of bids, consignment, etc., determine which enterprise that engages in facilities maintenance and operations satisfies the conditions to take responsibility for the management of the facility. The Chinese government encourages the implementation of a system under which municipal wastewater treatment concessions are granted. The competent authorities in charge of municipal drainage shall enter into maintenance and operations contract with the enterprise that maintains and operates the municipal wastewater treatment facility, to clearly define the rights and obligations of both parties.

According to the Measures for the Administration of Concessions for the Infrastructure of Shanghai Municipality , promulgated by the Shanghai Municipal People•s Government on December 20, 2010 and implemented on May 1, 2011 (Order No. 55 of the Shanghai Municipal People•s Government), construction and operation of gas supply, wastewater treatment, and other urban infrastructure projects in the Shanghai administrative region could be implemented by means of a concession. A concession may take the following forms: (1) within a certain term, the government shall authorize the operator of a concession to invest in, construct, and operate an urban infrastructure program, which after the expiration of the term shall be handed over without consideration to the government; (2) within a certain term, the government shall authorize the operator of a concession to operate an urban infrastructure project which has been constructed, which at the expiration of the term shall be handed over without consideration to the government; and (3) any other form of concession agreed to by the Shanghai Municipal People•s Government. The competent authorities in charge of industry in Shanghai shall be responsible for the specific implementation and administrative oversight of concession projects in the Shanghai administrative region, and, under the authority of the Shanghai People•s Government, for entering into concession agreements; People•s governments at the district and county level are responsible for the specific implementation and administrative oversight of concession projects which provide services in designated district and county administrative regions and for entering into concession agreements. After an implementation scheme has been approved by the Shanghai Municipal People•s Government, the agency implementing the concession project shall through the invitation and submission of bids select a party to operate the concession; the operator of a concession may be determined through competitive negotiations if there are no bidders, or if bidders fail to conform to the conditions of the bid.

According to the Administrative Measures of Environmental Protection of Jiangsu Province for the Centralized Wastewater Treatment Facilities promulgated on May 7, 2011 and enacted on July 1, 2011 by Jiangsu Provincial People•s Government, the concessions system shall be implemented for the centralized treatment of urban wastewater in accordance with the national regulations.

According to the Administrative Measures of Zhejiang Province for the Centralized Treatment of Municipal Wastewater, promulgated by the Zhejiang Provincial People•s Government on October 19, 2009, and implemented on January 1, 2010, the operating enterprise shall undergo qualification to operate a wastewater treatment facility in accordance with the relevant environmental protection regulations of the state. The enterprise which shall operate the concession shall be determined by fair competition through the invitation and submission of bids or other such means. The enterprise operating the concession shall obtain concession rights in accordance with the state regulations on the administration of municipal public utility concessions.

Gas Industry Concessions

The Authorization and Regulation Procedures of Piped Gas Concessions in Shanghai was promulgated by the Shanghai Municipal Projects Administration (now known as the •Shanghai Urban and Rural Construction and Administration CommissionŽ) on June 1, 2005 and implemented on July 1, 2005. The Shanghai Municipal Office of Gas Administration is responsible for the daily regulations of concessions engaged in piped natural gas operations in Shanghai. The competent authorities in charge of the administration of natural gas operations in Chongming County, Pudong New Area, Minhang District, Baoshan District, Jiading District, Jinshan District, Songjiang District, Nanhui District, Fengxian District, and Qingpu District in Shanghai shall assist in the implementation of daily regulations of piped natural gas enterprise concessions within the scope of the above region. The competent authorities in charge of the administration of gas operations in compliance with the principles of •openness, impartiality, fairness, and competitive selectionŽ shall determine the concession operator through the invitation and submission of bids and by means of direct consignment, and shall grant consignment rights. With respect to maintenance of existing pipelines in accordance with municipal planning, the competent authorities in charge of the administration of gas operations shall through a certain procedure, by means of direct consignment, grant pipeline natural gas concession rights to natural gas enterprises with pipelines which currently serve pipeline natural gas consumer regions, and which conform to the conditions for granting concessions, With respect to new construction of pipelines or expanded construction of existing pipelines to serve natural gas consumer regions, the competent authorities in charge of the administration of gas operations shall through the invitation and submission of bids grant pipeline natural gas concession rights to a gas enterprise which conforms to the conditions for granting concessions.

On July 5, 2006, the former Department of Construction of Jiangsu Province (now known as •Housing and Urban and Rural Construction Department of Jiangsu ProvinceŽ) promulgated and implemented the Measures for the Administration of Pipeline Gas Concessions in Jiangsu

Province, aiming to regulate activities of piped natural gas concession in Jiangsu and to safeguard the public interest and public safety. The competent authorities in charge of administering construction in the province are responsible for guiding and regulating pipeline natural gas concessions throughout Jiangsu Province. The competent authorities in charge of construction (municipal public utilities) and administration at cities divided into districts and counties (municipalities) authorized and entrusted by the municipal government (hereinafter collectively referred to as •competent construction administration authoritiesŽ) shall be responsible for the implementation of pipeline natural gas concessions and the regulation of enterprises which are granted concessions in their respective administrative regions. The implementation of pipeline natural gas concession projects must be approved by the People•s Governments in cities divided into districts and counties (municipalities). According to Article 22 of the Administrative Measures of Jiangsu Province for the Administration of Gas Concessions , prior to the implementation of the Measures of Jiangsu Province for the Administration of Gas , enterprises which are already engaged in pipeline natural gas construction and operations but which do not yet operate under a concession system, shall in accordance with the relevant provisions of the Measures of Jiangsu Province for the Administration of Gas duly implement the relevant concession system and enter into concession agreements to clearly define the content and requirements of the concessions and shall report their activities to the competent construction administration authorities at the next higher level for filing and recordal.

Capital Fund System

According to the Notice of the State Council on Trial Implementation of Capital Fund System Fixed Assets Investment Projects promulgated and implemented on August 23, 1996 by the State Council of the People•s Republic of China (•State Council Ž), the Notice of the State Council on Adjusting the Capital Fund Ratio of Fixed Asset Investment Projects promulgated and implemented by the State Council on May 25, 2009, and the Notice of the State Council on Adjusting and Improving Capital Fund System in Fixed Asset Investment Projects promulgated and implemented by the State Council on September 9, 2015, since 1996, trial implementation has started for the capital fund system of various operating fixed assets investment projects, including basic construction, technical reconstruction, real estate development projects and collective investment projects of state-owned enterprises. Under trial implementation for capital fund system, investment projects must have capital fund in place before they can undertake construction firstly. Under the capital fund system, total investment in an investment project in addition to debt capital acquired by the project legal entity from banks or from capital markets, an investor must also invest a certain percentage of capital as capital funds for the project. Investment project capital funds refer to the amount of the capital contribution subscribed to by an investor in the investment project•s total investment. With respect to the project, these constitute non-debt funds for which the project legal entity assumes no interest payment or debt obligations. An investor may enjoy the rights and interests of an owner according to the proportion of his capital contribution, and may assign their capital contribution. However, an investor may not in any manner or form withdraw their capital contribution. Capital funds for an investment project shall be paid in one lump sum and shall be proportionally put in place year after year in accordance with the schedule of the approval of construction.

According to the capital fund system, an investor must invest a certain percentage of capital as capital funds in the project venture. The specific percentage shall be determined by the authority which reviews and approves the project, based on the investment project•s future economic returns, the bank•s loan commitment, and the assessment opinion on the project, and shall be verified at the time that the project•s feasibility studied is reviewed and approved.

PRC LAWS AND REGULATIONS RELATED TO PRODUCTION SAFETY

According to The Production Safety Law of the PRC promulgated by the Standing Committee of the National People•s Congress and implemented on November 1, 2002, and later amended on August 27, 2009 and August 31, 2014, enterprises when conducting operations shall satisfy the conditions for production safety stipulated under the relevant laws and regulations and under state standards or industry standards. Enterprises which fail to satisfy the conditions for production safety may not engage in production operations activities. Safety facilities in connection with an enterprise•s new construction, reconstruction or expanded construction project must be designed simultaneously with the main structure under construction, must be simultaneously built, and must be commissioned and put into use at the same time as the main structure. The design, manufacture, installation, use, inspection, maintenance, reconstruction and scrapping of safety equipment shall comply with state or industry standards. The production, operation, shipping, storage, and use of hazardous items by an enterprise or the disposal of hazardous items which have been scrapped, must be executed in accordance with the relevant laws and regulations, and state standards or industry standards. The enterprise shall establish a dedicated safety management system, take reliable safety measures, and submit to regulation and supervision by the relevant competent authorities.

According to the Measures on Production Safety Licenses promulgated and implemented by the State Council on January 13, 2004 and amended on July 18, 2013 and July 29, 2014, the state shall implement a system for licensing enterprises engaged in the construction of buildings. Prior to commencing production, an enterprise shall file an application with the agency which issues and administers production safety licenses to obtain a production safety license. An enterprise engaged in the construction of buildings may not undertake construction activities if it fails to obtain a production safety license.

The competent departments at the State Council in charge of construction shall be responsible for issuing and administering production safety licenses for enterprises engaged in

effective measures to prevent and control pollution and harm caused to the environment. Project facilities for the prevention and control of pollution must be designed, constructed and commissioned and put into use at the same time as the main structure under construction. The commencement of construction or the commissioning and use of a construction project shall not be approved before the facilities for the prevention and control of pollution pass inspection by the competent environmental protection authorities. The amended Environmental Protection Law of the PRC was promulgated on April 24, 2014 and implemented on January 1, 2015.

The following important clauses have been added to the amended Environmental Protection Law of the PRC:

(1) The government shall adopt fiscal, tax, pricing, and government procurement policies and measures to encourage and support the development of the environmental protection industry, which includes the relevant environmental protection technology and equipment, the integrated utilization of resources, and environmental services. Enterprise, public agency, and other production operators, based on their compliance with the standards for pollutant discharge under the law, shall further decrease their discharge of pollutants, and the relevant government agencies shall adopt fiscal, tax, price and government procurement policies to encourage and support them in this regard.

(2) Project facilities for the prevention and control of pollution shall be designed, constructed, commissioned and put into use at the same time as the main structure under construction. Pollution prevention and control facilities shall comply with the requirements of the approved environmental impact assessment documents and may not be torn down or left idle without authorization.

(3) The state shall implement a system for administering licenses for the discharge of pollutants under the provisions of the law. Enterprises, public agencies and other production operators, shall discharge pollutants in compliance with licensing requirements. Entities which do not obtain the above license may not discharge pollutants.

(4) Enterprises, public agencies, and other production operators who discharge pollutants in contravention of the law shall be subject to fines and penalties and shall be ordered to rectify the situation. If they refuse to rectify the situation, the administrative agency rendering the decision to impose a penalty according to law may impose the penalty on a daily basis in accordance with the amount of the original penalty commencing from the day following the date on which the above party was ordered to rectify the situation. The penalty shall be enforced based on the regulations and determined by such factors as the operating cost of the pollution prevention and control facility, the direct losses resulting from the contravention of the law, or the income obtained from contravention of the law, etc. Local regulations may

In addition, according to the Law of the People•s Republic of China on the Prevention and Control of Water Pollution, promulgated by the Standing Committee of the National People•s Congress on May 11, 1984, implemented on November 1, 1984, and later amended on May 15, 1996 and June 1, 2008, and the Detailed Implementing Measures of the Law of the People•s Republic of China on the Prevention and Control of Water Pollution, promulgated and implemented by the State Council on March 20, 2000, operators of centralized urban wastewater treatment facilities shall obtain pollution discharge licenses.

According to the Action Plan for the Prevention and Control of Water Pollution (•Water Action Plan Ž) promulgated and implemented by the State Council on April 2, 2015, the objectives of the Water Action Plan were (1) by the year 2020, water environment quality

Construction Work Planning Permit

According to the Urban and Rural Planning Law of the PRC , if a construction project is undertaken in a district that is under the jurisdiction of urban or township planning, the construction unit or the individual must file an application with the competent urban and rural planning authority at the municipal or county level People•s Government or with the township level People•s Government confirmed by the People•s Government of the relevant province, autonomous region, or city directly under the central government, to apply for a planning permit for a construction project.

If a party undertakes construction without obtaining a planning permit for a construction project or fails to undertake construction in accordance with the provisions of the said permit, the competent urban and rural planning authority at the county level or above shall issue order the party to halt construction; if it is possible to take measures to rectify the situation and eliminate the impact on the implementation of urban and rural planning, rectification of the

Acceptance Checks of Construction Projects

According to the Administrative Regulation of Construction Work Quality and the Measures for the Administration of Housing Construction and Urban Infrastructure Projects with Respect to Inspection and Acceptance Upon Completion and Recordal promulgated and implemented on October 19, 2009, a construction project may be handed over for use only after it has been inspected and has passed inspection. The construction unit shall file an application

With respect to the use and maintenance of the leased property, the lessee must carefully handle and properly use the leased property. The lessee has the responsibility to perform maintenance and repairs on the leased property during the time that the leased property is under the lessee•s care. The lessor shall in no way be held responsible with regard to third party physical injuries or property damage incurred during the time that the leased property is under the lessee•s care. On the other hand, the ownership of the leased property shall still revert to the lessor.

The lessor and the lessee may come to an agreement with regard to who enjoys the ownership rights to the leased property at the time that the lease term expires. If no agreement has been made with respect to who enjoys the ownership rights to the leased property at the time that the lease agreement expires, or if the relevant provisions are not clear with regard to this matter, or if the issue of ownership cannot be resolved under the PRC Contract Law, the ownership of the leased item shall revert to the lessor. If the two parties agree that the ownership of the leased property shall revert to the lessee at the time that the lease agreement expires, and the lessee has paid the major portion of the lease fees but fails to pay off the remaining balance, and the lessor based on this reason terminates the agreement and takes back the leased property, if the value of the leased property which the lessor has taken back exceeds the remaining balance on the lease fees and any other fees owed by the lessee, the lessee may request the lessor to refund a certain portion of the fees which the lessee has paid.

The PRC Contract Law includes a general directive which provides that the interest rate on interest collected from the customer under the financial leasing agreement shall be calculated in the purchase cost of the relevant property or asset under the financial leasing agreement and also shall allow for a reasonable interest rate on the part of the lessor, unless the parties to the agreement conclude a separate agreement with regard to this matter.

Measures for Administering the Supervision of Financial Leasing Enterprises

Under the Measures for Administering Foreign-Invested Leasing Business promulgated by the MOFCOM on February 3, 2005 and implemented on March 3, 2005, and the Measures for Administering the Supervision of Financial Leasing Enterprises promulgated on September 18, 2013 and implemented on October 1, 2013, MOFCOM implements supervision and management of financial leasing enterprises throughout China and is the competent industry authority and competent approval authority in charge of administering foreign-invested leasing business. The competent MOC authority at the provincial level is responsible for supervising leasing enterprises in its respective administrative area. MOC is an administrative agency of China•s State Council and is responsible for formulating government policy with respect to the relevant foreign trade and import and export normative regulations, foreign direct investment, consumer assurances, market competition, and negotiation of bilateral and multilateral trade agreements.

Financial leasing enterprises may choose to launch and develop their financial leasing business in the form of direct leasing, sub-leasing, after-sales lease back, leveraged leasing,

entrusted leasing, joint leasing, etc., in compliance with the relevant, laws, regulations and rules. Financial leasing enterprises shall in accordance with MOC requirements use a nationwide financial leasing enterprise management information system, and shall promptly

Risk assets of the foreign-invested financial leasing company generally may not exceed ten times the total value of the company•s assets at the end of each fiscal year. Furthermore, risk assets are determined by total residual value based on the enterprise•s total assets minus cash, bank deposits, Chinese government bonds and entrusted leased assets, The Measures for the Administration of Foreign-Invested Leasing Business also provides that a foreign-invested leasing company shall submit a report to MOC on business operating conditions along with audited financial statements for the preceding year before March 31 of each year. If leased assets imported by the foreign-invested financial leasing company in accordance with the lessee•s selection involve quotas, licensing or other special matters administered under state policy, the lessor or the financial leasing company shall carry out application formalities in accordance with the relevant regulations. With respect to foreign-invested financial leasing companies organized pursuant to the governing laws and regulations, investors shall submit all application materials to the provincial department of the MOC at the place where the company is located. If the MOC decides to approve the application, it shall issue a foreign-invested enterprise approval certificate. According to the Decision on the Fifth Batch of Administrative Examination and Approval Matters to Be Cancelled or Delegated to Subordinate Authorities promulgated and implemented on July 4, 2010, an application for the approval the establishment or modification of a foreign-invested enterprise engaged in the financial leasing business which has a total investment of USD300 million or less can be submitted to a provincial level government agency for approval and does not need to be submitted to a state level government agency for approval.

PRC LAWS AND REGULATIONS RELATED TO THE MICRO-CREDIT INDUSTRY

Guiding Opinions of the China Banking Regulatory Commission and the People•s Bank of China on Pilot Programs for Micro-Credit Companies

The Guiding Opinions provide guidelines for pilot programs for micro-credit companies and stipulate provisions for the registration, establishment, source of capital, and use of capital by said companies and the regulation policy to which they are subject.

According to the Guiding Opinions:

(1) When establishing a micro-credit company, an official application must be filed with the regulatory authorities at the provincial level; after the application is approved, the company must comply with registration formalities and obtain all necessary business licenses, approval documents and certification;

(2) A limited liability company•s registered capital may be no less than RMB5 million, A joint stock limited company•s registered capital may not be less than RMB10 million. Shares of stock held in the company by a single natural person, an enterprise entity, or any other social organization and its affiliates may not exceed 10% of the total registered capital of the micro-credit company;

Implementing Measures for the Launching in Shanghai of Pilot Programs for Micro-Credit Companies

Shanghai established a taskforce to promote pilot programs for micro-credit companies. led by the leadership of the Shanghai Municipal Government. The membership of this task force to promote the said pilot programs included the Office of Financial Services of the Shanghai Municipal Government, (•Shanghai Financial Services Office Ž), the Shanghai Branch of the People•s Bank of China, the Shanghai Branch of the China Banking Reg.5179 -1.5 TD [(.8(pr)19)-421.8(y)-4

CHINESE LAWS RELATED TO LABOR AND SOCIAL SECURITY

According to the Labor Law of the People•s Republic of China promulgated by the Standing Committee of the National People•s Congress on July 5, 1994, implemented on January 1, 1995, and amended on August 27, 2009, and the Labor Contract Law of the People•s Republic of China promulgated on June 29, 2007, implemented on January 1, 2008, and further amended on December 28, 2012, a written labor contract shall be entered into between an entity and an employee when they establish a labor relationship. A labor contract maybe rescinded through the payment of economic compensation or in accordance with the relevant laws.

According to the Social Insurance Law of the People•s Republic of China , promulgated by the Standing Committee of the National People•s Congress on October 28, 2010 and implemented on July 1, 2011, employees shall be covered under basic old age pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, The fees for basic old age pension insurance, basic medical insurance, and basic unemployment insurance shall be jointly paid by the employer and the employee, and the fees for work-related injury insurance and maternity insurance shall be solely paid by the employer.

According to the Measures for the Administration of the Housing Public Debt Fund , promulgated and implemented by the State Council on April 3, 1999, and later amended on March 24, 2002, enterprises in mainland China shall go to the Housing Public Debt Fund Administration Center to pay a deposit and register for the Housing Public Debt Fund and shall open a dedicated account for the Housing Public Debt Fund at an entrusted bank. Every Chinese enterprise and its current staff which it employs must make payments to the Housing Public Debt Fund. The ratio for deposits paid into the Fund shall not be less than 5% of the average monthly wages of the employee during the preceding year.

Following a series of placings and conversion of capital reserve to our registered share capital since June 2007, we further increased our registered share capital to RMB2,467,304,675 as of the Latest Practicable Date.

In August 1999, we disposed of our public transportation business to Shanghai Dazhong Taxi Co., Ltd* (j } : a Û p ... Þ " ® !) (now known as Dazhong Transportation Group) and we subscribed for approximately 24.74% of its then registered share capital. For details, please refer to •History, Development and Corporate Structure „ Strategic Historical Acquisitions „ Subscription of 24.74% equity interests in Dazhong Transportation GroupŽ below. In September 2001, we acquired a 50% equity interest in Shanghai Dazhong Gas from Shanghai Municipal Assets Management and Development, an Independent Third Party and entered into the public utility business. For details, please refer to •„ History and Development

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Year	Milestones/Events
2001	We acquired a 50% equity interest in Shanghai Dazhong Gas from Shanghai Municipal Assets Management and Development in September and entered into the public utility business.
2002	We made an equity investment in Shenzhen Capital Group in November and became the then second largest shareholder of Shenzhen Capital Group.
2003	€ We changed our name to Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (

Year	Milestones/Events
2010	€ Shanghai Dazhong Environment acquired a 70% equity interest in Xuzhou Dazhong Yuanquan Environment Industry Co., Ltd.* (± È } : U p ¤ * 8 Þ " ® !) (now known as Jiangsu Dazhong Water) in January. For details, please refer to •„ History and Development „ Strategic Historical Acquisitions „ Acquisition of Jiangsu Dazhong WaterŽ below in this section.
	€ We were awarded Top 100 Shanghai Enterprises (j † 8 100 v) and Top 50 Shanghai Service Enterprises (j † 8 50 v) by Shanghai Enterprises Association (j 9 † 8 L ¥ 6) and Shanghai Entrepreneur Association (j 9 † 8 • X 6), respectively, in October.
2011	We were elected as vice president enterprise (6 —) of the first committee of Shanghai Listed Company Association (j j 9 ® ! X 6) and our Chairman, Mr. Yang Guoping (@ 7 ;) was elected as vice president (6 —) of such committee in May.
2012	€ We issued corporate bonds (the •Corporate Bonds Ž) of RMB1.6 billion with a term of six years in January.
	€ We were elected as a member of the first standing committee of China Listed Company Association (• 7 j 9 ® ! X 6) in February.
2013	We established Minhang Dazhong Micro-credit in October.
2014	€ We were awarded outstanding contributor (É Í ¤) for Project Hope (Ž Ð ˆ û) by Project Hope 20th Year Memorial Awards Ceremony (Ž Ð ˆ û 20 t Ë Ï Â Œ Î } 6) in March.
	€ We established Shanghai Dazhong Financial Leasing in September.
2015	€ We were awarded 2015 Shanghai Top 100 Enterprises (2015 j † 8 100 v), 2015 Shanghai Top 100 Private Enterprises (2015 j O † 8 100 v) and 2015 Shanghai Top 50 Private Service Enterprises (2015 j O 8 † 8 50 v) in September.
2016	€ We were awarded 2016 Shanghai pioneer worker (2016 Ë j 9 ˆ [‹ \ î) by the Shanghai Federation of Trade Unions (j 9 < ˆ 6) in April.

Listing on the Shanghai Stock Exchange and Reasons for the Listing

As approved by the PBOC, our Company completed its initial public offering of 14 million A Shares at an offer price of RMB35.00 per A Share under the A Share Offering, and our A Shares have been listed on the Shanghai Stock Exchange under stock code •600635Ž since March 4, 1993. Following the completion of the A Share Offering, our Company•s registered capital was increased to RMB14 million.

The shareholding structure of our Company immediately after the A Shares Offering was as follows:

	Type of Shares	Number of Shares held	Approximate % of Shareholding
Shanghai Dazhong Taxi Company* (j 9 } : a Û ® !)	A Share	5,000,000	35.72
Shanghai Coalgas Company* (j 9 i ® !)	A Share	1,000,000	7.14
Bank of Communications, Shanghai Pudong Branch* (t · Õ j ±)	A Share	1,000,000	7.14
Shanghai Shenhua Industry Co., Ltd.* (j a 6 ¼ 8 p ... Þ " ® !)	A Share	1,000,000	7.14
Other public shareholders of A Shares	A Share	6,000,000	42.86
Total		14,000,000	100

During the Track Record Period and up to the Latest Practicable Date, our Company had not received any notice from the Shanghai Stock Exchange alleging any PRC regulatory non-compliance incidents on the part of our Company. Our Directors believe that from the date our A Shares were listed on the Shanghai Stock Exchange, our Company had been operating in compliance with applicable rules of CSRC and Shanghai Stock Exchange in all material aspects.

Our Company is seeking a dual primary listing on the Hong Kong Stock Exchange in order to utilize the overseas financing platform to enhance our competitive strengths, satisfy our capital needs for business development and expansion and optimize our capital structure.

Strategic Historical Acquisitions

Subscription of 24.74% equity interests in Dazhong Transportation Group

In August 1999, our Company subscribed for 140 million shares of Shanghai Dazhong Taxi Co., Ltd.* (j } : a Û p ... Þ " ® !) (now known as Dazhong Transportation Group) at a subscription price of RMB3.32 per share, representing 24.74% of its then total registered share capital, for a total consideration of RMB464.8 million. The consideration was partially settled in cash of RMB37.07 million and partially settled by transfer of our (1) 991 vehicles; (2) 1,000 vehicle licenses; (3) 51% equity interests in Shanghai Pudong Dazhong Public Transportation Co., Ltd.* (j } : ® • t · Þ " ª , ® !); and (4) 10% equity interests in Shanghai Traffic Dazhong Passenger Transportation Co., Ltd.* (j t · } : 6 Þ " ª , ® !). The consideration was determined based on an asset valuation conducted by a professional valuer.

As a result of the subscription, we became the then largest shareholder of Dazhong Transportation Group. As of the Latest Practicable Date, our Company and our subsidiaries, in total held 25.73% of the registered share capital of Dazhong Transportation Group.

Acquisition of Shanghai Dazhong Gas

In response to the Shanghai government•s invitation, on September 18, 2001, we entered into a property transaction contract (* Æ t ø ¥ •) with Shanghai Municipal Assets Management and Development, an Independent Third Party at the time, pursuant to which we acquired a 50% equity interest in South Shanghai Gas Co., Ltd.* (j ÷ 9 Ì V / Þ " ® !) (which was subsequently re-named as Shanghai Dazhong Gas) for a consideration of RMB400 million. The consideration was determined with reference to an asset valuation conducted by a professional valuer and was settled in cash. The invitation was part of Shanghai government•s initiative to reform the gas supply industry in Shanghai by introducing market competition to the industry, which was traditionally monopolized by state-owned enterprises. We were selected primarily due to our management•s substantial experience in the coal gas and natural gas industry as well as in successfully managing the internal control and business operations of a publicly listed company. The goal of such invitation was (i) for us to acquire control over various aspects of the management and operation of Shanghai Dazhong Gas; and (ii) for Shanghai Municipal Assets Management and Development to maintain a supervisory role as a state-owned enterprise in Shanghai Dazhong Gas.

Acquisition of Jiading Wastewater Treatment Plant

On December 27, 2005, we entered into an asset purchase agreement with Shanghai Jiading Xincheng Wastewater Treatment Plant* (j — › - ì î å ˆ # @),) Independent Third Party, pursuant to which we acquired the whole asset of Phase I of Water Purification No. 2 Plant (å / · Z @) (now known as phase I of the Jiading wastewater treatment plant) for a consideration of RMB122 million through a public bidding process arranged by Jiading District Water Authority. The consideration was determined with reference to an asset valuation conducted by a professional valuer and was settled in cash in March 2006.

Acquisition of Jiangsu Dazhong Water

On January 25, 2010, we, through our subsidiary Shanghai Dazhong Environment, acquired 25.29%, 0.65%, 0.65%, 19.06%, 10.29% and 14.06% equity interests in Xuzhou Dazhong Fountainhead Environment Industry Co., Ltd.* (± È } : U p ¤ * 8 Þ " ® !) (currently known as Jiangsu Dazhong Water) from Mr. Zhou Yeming (t 8 ü), Mr. Men Baoliang (˜ -), Mr. Liu Shulun (Ó P), Mr. Wang Jian (î), Mr. Wang Lu (î-¨) and Mr. Zhou Ruyin (t ½ Õ) for consideration of RMB33,383,700, RMB863,400, RMB863,400, RMB25,152,900, RMB13,583,700 and RMB18,552,900, respectively. The consideration was determined with reference to an asset valuation conducted by a professional valuer and was settled in cash in May 2010. Mr. Zhou Yeming (t 8 ü), Mr. Men Baoliang (˜ -), Mr. Liu Shulun (Ó P), Mr. Wang Jian (î), Mr. Wang Lu (î-¨) and Mr. Zhou Ruyin (t ½ Õ) are all Independent Third

Parties. Upon completion of the share transfer, Jiangsu Dazhong Water was owned as to 70%

Upon the completion of the Suchuang Acquisitions, the Company held, through Dazhong Hong Kong International, 19.76% of the enlarged issued share capital of Suchuang Gas. Suchuang Gas is accounted for as an associated company in the Group•s consolidated financial statements after completion of the Suchuang Acquisitions.

Suchuang Gas is a piped natural gas supplier in Jiangsu Province, with an exclusive right to sell and deliver piped natural gas to users in its operating area. The Directors believe that the investment in Suchuang Gas will provide strategic value to the Company and will create more opportunities for further cooperation between the parties.

Major Historical Disposals

Set out below is a table summarizing the major historical disposals completed by our Group:

Date and Description of Transaction	Parties	Amount and Basis of Consideration	How and When Consideration was Settled	Reason for the Transaction
In August 2000, our Company disposed of its entire equity interest in Wuxi Dazhong Taxi Co., Ltd.* (Ì | } : a Û Þ " ® !)	€ Vendor: our Company € Purchaser: Wuxi Dazhong Transportation Co., Ltd.* (Ì | } : t · Þ " ª , ® !), a subsidiary of Dazhong Transportation Group	RMB38,430,550.20 The consideration was determined on the basis of an asset valuation by a professional valuer.	Settled in cash in December 2000	Business delineation with Dazhong Transportation Group
In September 2006, our Company disposed of its 30% equity interest in Shanghai Hongkou Dazhong Taxi Co., Ltd.* (j y } : a Û Þ " ® !) (•Shanghai Hongkou Dazhong Taxi Ž)	€ Vendor: our Company € Purchaser: Dazhong Transportation Group	RMB145,333,231.99 The consideration was determined on the basis of an asset valuation by a professional valuer.	Settled in cash in November 2006	Business delineation with Dazhong Transportation Group
In June 2007, our Company disposed of its 39.85% equity interest in Shanghai Hongkou Dazhong Taxi	€ Vendor: our Company € Purchaser: Dazhong Transportation Group	RMB188,933,477.96 The consideration was determined on the basis of an asset valuation by a professional valuer.	Settled in cash in June 2007	Business delineation with Dazhong Transportation Group
In September 2009, Shanghai Dazhong Gas Investment, our subsidiary, disposed of its 88% equity interest in Shanghai Chongming Dazhong Gas Co., Ltd.* (j ^ ü } : ÷ Þ " ® !)	€ Vendor: Shanghai Dazhong Gas Investment, our subsidiary € Purchaser: Shanghai Gas Group, our shareholder	RMB79,902,916 The consideration was determined on the basis of an asset valuation by a professional valuer.	Settled in cash in November 2009	In accordance with local government•s planning

Date and Description of Transaction	Parties	Amount and Basis of Consideration	How and When Consideration was Settled	Reason for the Transaction
In December 2009, Shanghai Dazhong Gas, our subsidiary, disposed of its 49% equity interest in Nanchang Gas Co., Ltd.* (Ì ù ÷ Þ " ® !) (•Nanchang Gas Ž)	€ Vendor: Shanghai Dazhong Gas, our subsidiary € Purchaser: China Resources Gas (Group) Co., Ltd.* (6 — ÷ («) Þ " ® !), an Independent Third Party	RMB698 million The consideration was determined on the basis of an asset valuation by a professional valuer.	HKD792.98 million was settled in cash in June 2011	Business arrangement for our natural gas business

Our PRC legal advisers, Jin Mao P.R.C. Lawyers, confirms that (i) all necessary approvals from the relevant authorities for the above acquisitions and disposals had been obtained as of the Latest Practicable Date, and (ii) the above acquisitions and disposals had been legally completed.

Acquisition after June 30, 2016

Dazhong Transportation Group Acquisitions

FCEEL, our indirectly wholly-owned subsidiary had acquired a total of 4,418,061 B shares of Dazhong Transportation Group in the secondary market from June 30, 2016 to the Latest Practicable Date, representing approximately 0.19% of the registered capital of Dazhong Transportation Group as of the Latest Practicable Date. For the financial information of Dazhong Transportation Group for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, please refer to note 26(b) of the accountant•s report in Appendix IA to this prospectus.

For details of the business of and our relationship with Dazhong Transportation Group, please refer to the section •Business „ Our Competitive Strengths „ Diversified income stream through a prudent investment portfolio with solid historical performance of sustained value growth and recurring dividend income „ Long-term strategic investment in Dazhong Transportation GroupŽ.

Disposals after June 30, 2016

Disposals of 51% Equity Interests in Pizhou Fountainhead Water

On July 14, 2016, Jiangsu Dazhong Water, our subsidiary, entered into an equity interests transfer agreement (the •Pizhou Equity Interests Transfer Agreement Ž) with Mr. Li Fanqun (½ m Ê

Disposals of 51% Equity Interests in Xuzhou Fountainhead Sewage

On July 14, 2016, Jiangsu Dazhong Water, our subsidiary, entered into an equity interests transfer agreement (the •Xuzhou Equity Interests Transfer Agreement Ž) with Mr. Li Fanqun (½ m Ê), Ms. Lv Xuanhui (P I), Mr. Ge Yanwu (ä c) and Mr. Lu Lei (Ô d) (collectively, the •Xuzhou Management Ž). Mr. Lu Lei (Ô d) is the vice manager (¾ #) of Xuzhou Fountainhead Sewage. According to the Xuzhou Equity Interests Transfer Agreement, to further incentivize the management of Xuzhou Fountainhead Sewage to improve operational efficiency, Jiangsu Dazhong Water transferred its 15%, 12%, 12% and 12% equity interests in Xuzhou Fountainhead Sewage (collectively, the •Xuzhou Target Equity Interests Ž) to Mr. Li Fanqun (½ m Ê), Ms. Lv Xuanhui (P I), Mr. Ge Yanwu (ä c) and Mr. Lu Lei (Ô d) for considerations of RMB3,598,752.20, RMB2,879,001.76, RMB2,879,001.76 and RMB2,879,001.76, respectively. The considerations were determined with reference to an audit report issued by a professional valuer and will be settled by installments. The Xuzhou Management paid the first instalment of RMB4,078,585.83 in cash on August 16, 2016 and will pay the second instalment of approximately RMB4,078,585.83 and the third instalment of approximately RMB4,078,585.83 by December 31, 2017 and December 31, 2018, respectively. Before the payment of the third instalment by Jiangsu Dazhong Water, the Xuzhou Management agreed to charge in favour of Jiangsu Dazhong Water the Xuzhou Target Equity Interests. The Xuzhou Management agreed not to sell, transfer or otherwise dispose of or create any encumbrance over any of his or her relevant portion of Xuzhou Target Equity Interests so long as he or she remains as the management of Jiangsu Dazhong Water or Xuzhou Fountainhead Sewage (as the case may be) and agreed to transfer all of his or her relevant portion of Xuzhou Target Equity Interests to

Track Record Period. The group structure provides an extensive coverage of our major business in public utilities service and financial services. Details of the 13 Principal Subsidiaries are set out below:

No.	Name of Subsidiaries directly held by our Company	Place of Incorporation	Date of Incorporation	Registered Capital	Principal business activities
	Public Utilities				
1.	Jiangsu Dazhong Water	PRC	April 4, 1995	RMB50 million	Wastewater treatment operations
2.	Shanghai Dazhong Gas	PRC	January 3, 2001	RMB800 million	Distribution and sale of piped natural gas
3.	Shanghai Dazhong Environment	PRC	July 14, 2003	RMB252 million	Investment holding
4.	Shanghai Dazhong Municipal Development	PRC	September 15, 2003	RMB120 million	Investments in municipal projects
5.	Shanghai Xiangyin Tunnel Construction	PRC	September 24, 2003	RMB285 million	Road and tunnel operations

The top ten shareholders of our Company as of June 30, 2016 were as follows:

	Type of Shares	Number of Shares held	Approximate % of Shareholding
Shanghai Dazhong Business Management	A Share	495,143,859	20.07
Shanghai Gas Group	A Share	201,062,058	8.15
Central Huijin Asset Management Co., Ltd.* (• /@i – * M # Þ " ª , ® !)	A Share	11,370,700	0.46
Agriculture Bank of China „ China Securities 500 Index Fund* (• 7 5 8 Õ p ... Þ " ® ! „ • Ç 500 t ø è š ó Ì 8 p Ç N ³ ? –)	A Share	9,297,616	0.38
Ding Xiumin (U ø ½)	A Share	6,745,000	0.27
Cai Zhishuang (ù › P)	A Share	5,800,000	0.24
Wuxi Coach Co., Ltd.* (Ì | 6 Þ " ® !)	A Share	5,464,800	0.22
PICC Investment Holding Co., Ltd.* ([- ³ › p Þ " ® !)	A Share	5,429,745	0.22
Xu Xin (± -)	A Share	5,093,525	0.21
Bi Bo (- ù)	A Share	5,000,000	0.20

To the best knowledge of our Directors, there was no acting-in-concert arrangement among the above Shareholders as of the Latest Practicable Date.

Shanghai Dazhong Business Management

Shanghai Dazhong Business Management is a limited liability company incorporated in the PRC on March 10, 1995 and owned as to 90% by Shanghai Dazhong Business Management Employee Share Ownership Committee* (j } : † 8 M # Þ " ® ! ˆ 5 p 6) and 10% by three individual shareholders who are Independent Third Parties. Some of our Directors and Supervisors hold interests in Shanghai Dazhong Business Management Employee Share Ownership Committee* (j } : † 8 M # Þ " ® ! ˆ 5 p 6). For details,

For further details of the above shareholders, please refer to •Substantial ShareholdersŽ. During the Track Record Period and up to the Latest Practicable Date, there was no significant change in the shareholding in our Company.

Shareholding Structure Prior to the Global Offering

The following chart sets out our corporate structures as at the Latest Practicable Date:



Notes:

(1) The remaining 50% equity interest in Shanghai Dazhong Gas was held by Shanghai Gas Group, our shareholder.

(2) The remaining 50% equity interest in Minhang Dazhong Micro-credit was held as to 20% by Shanghai Hongkou Dazhong Taxi Co., Ltd.* (j y } : a Û Þ " ® !), a wholly-owned subsidiary of Dazhong Transportation Group, 10% by Songz Automobile Air Conditioning Co., Ltd.* (j 8 z Û d p ... Þ " ® !) (held as to 2.16% by our Company), 10% by Shanghai Dongfulong Technology Co., Ltd.* (j , ² Å ¦ p ... Þ " ® !), an Independent Third Party, and 10% by Shanghai Gumei Asset Operation and Management Co., Ltd.* (j Õ * ¾ M # Þ " ® !), an Independent Third Party.

(3) The remaining 60% equity interest in Shanghai Dazhong Financial Leasing was held as to 25% by FCEEL, our indirect wholly-owned subsidiary, 20% by Dazhong Transportation Group, 10% by Shanghai Dazhong Business Management, our shareholder, and 5% by Shanghai Chengguang Business Information Consultation Co., Ltd.* (j ˆ ¦ ¹ T Þ " ® !), an Independent Third Party.

(4) Shanghai Coalgas Supply is currently under the process of deregistration.

(5) The remaining 50% equity interest in Nantong Dazhong Gas was held by Nantong Gas General, an Independent Third Party.

(6) The remaining 10% equity interest in Hangzhou Qiantang Sewage was held by Hangzhou Xiaoshan Sewage Co., Ltd.* (È = † î å ˆ # Þ " ® !), an Independent Third Party.

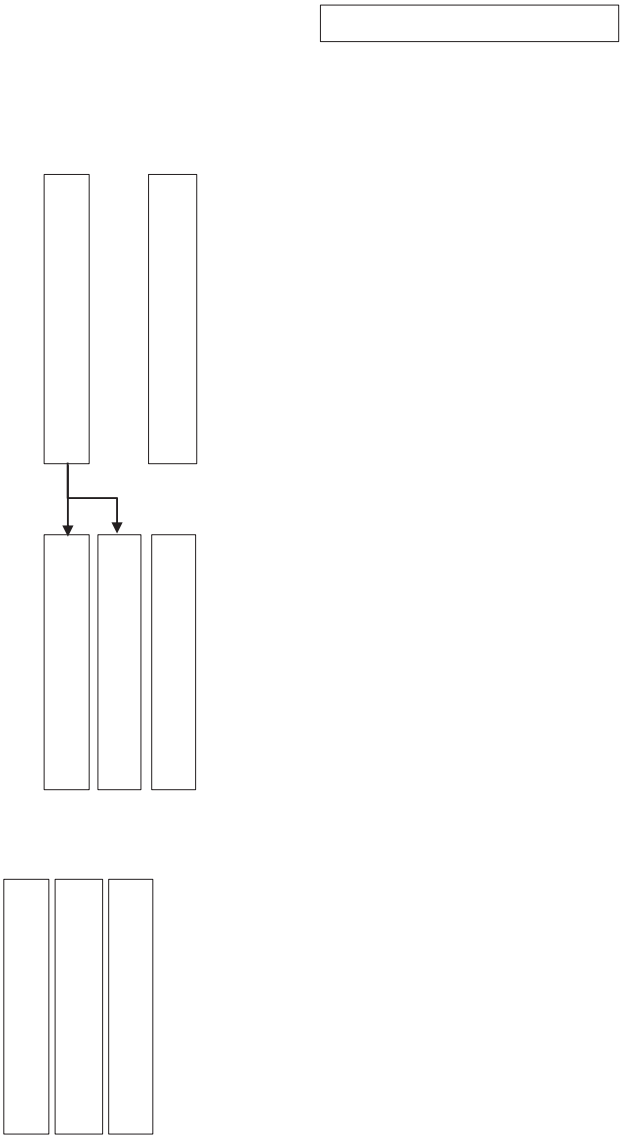
(7) The remaining 20% equity interest of Jiangsu Dazhong Water was held as to 15% by Wang Lu (î-¨) and 5% by Wang Jian (î), both of whom were Independent Third Parties.

(8) The remaining 40% share capital in Allpay International Finance Service was held by 99 Wuxian Limited* (99 Ì " Þ " ® !), an Independent Third Party.

(9) The remaining 12.33% equity interest in Shanghai Weiming Biochemistry was held as to 4.44% by Dazhong Transportation Group, 4% by Shanghai Weiming Bio-Technology Co., Ltd.* ( ) an Independent Third Party, (3) 1% Employee [illegible]

Immediately Following the Completion of the Global Offering

The following chart sets forth our corporate structure immediately following completion of the Global Offering on the assumption that: (1) the Over-allotment Option is not exercised; and (2) there is no change in shareholding held by each of our existing Shareholders subsequent to the Latest Practicable Date other than the sale of Sale Shares by the Selling Shareholders (see •Share Capital „ Reduction of State-owned SharesŽ for more details).



Notes:

(1) The remaining 50% equity interest in Shanghai Dazhong Gas is held by Shanghai Gas Group, our shareholder.

(2) The remaining 50% equity interest in Minhang Dazhong Micro-credit is held as to 20% by Shanghai Hongkou Dazhong Taxi Co., Ltd.* (

OVERVIEW

We are a leading public utility service provider in Shanghai that complements our operations with strategic and financial investments in our associated companies in public utility and other industries, from which we generated a significant portion of our profit during the Track Record Period. The public utility services we provide include piped gas supply, wastewater treatment and public infrastructure projects. We generated revenue from public utility service operations in the amount of RMB3,929.8 million, RMB4,190.3 million, RMB4,566.1 million and RMB2,501.8 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively. We were the largest of the three suppliers of piped gas in Shanghai Urban Area in terms of length of pipeline under operation in 2015, according to the CIC Report. Our main business operations of public utility services are complemented by our long-term investments, including our strategic investments in public transportation industries through Dazhong Transportation Group and a portfolio of financial investments. We implemented a business strategy that focuses on growth in our public utility service operations and at the same time enhances the value of our Company through selected long-term investments. We recorded a substantial portion of our profits in the form of share of results from associated companies as a result of our strategic and financial investments during the Track Record Period.

As an established and major public utility service provider in the Yangtze River Delta, we generated steady revenue and cash flow from our operations during the Track Record Period. We have been the sole piped gas supplier in the South Puxi Area since 2001, and currently serve approximately 1.8 million end user accounts. We were also a dominant natural gas supplier in Nantong urban area, with an approximately 80% market share in term of natural gas supply volume in 2015 according to the CIC Report and currently serve approximately 354,000 end user accounts. Revenue generated from our piped gas supply operations was RMB3,695.2 million, RMB3,960.6 million, RMB4,359.7 million and RMB2,379.0 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively, representing 94.0%, 94.0%, 94.4% and 93.5% of our total revenue during the same periods. We expanded our public utility operations into wastewater treatment in 2003 through a BT arrangement with the local government in Xiaoshan District, Hangzhou City, Zhejiang Province. We operated a total of six wastewater treatment plants in Shanghai and Xuzhou Area, Jiangsu Province through a combination of BOT and TOT arrangements with the local governments as of June 30, 2015, with an aggregate designed treatment capacity of approximately 355,000 m^3/day. Revenue generated from our wastewater treatment operations was RMB167.3 million, RMB166.4 million, RMB148.3 million and RMB94.1 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively, representing 4.3%, 4.0%, 3.2% and 3.7% of our total revenue during the same periods. Our public infrastructure projects during the Track Record Period included a

Taxi operation was our main business in the early stage of our operations in the 1990s and we continue to participate in public transportation and other related industries through our long-term strategic investment in Dazhong Transportation Group. Dazhong Transportation Group is our associated company and is accounted for under the equity method. Dazhong Transportation Group was the largest urban vehicle transportation service provider in the PRC in 2015 in terms of number of service vehicles owned, according to the CIC Report. Dazhong Transportation Group•s main businesses include taxi operation, car rental, logistics and other transportation-related businesses. Dazhong Transportation Group also engages in other businesses such as travel-related business, real estate development and financial services. Share of results attributable to our investment in Dazhong Transportation Group was RMB96.7 million, RMB103.8 million, RMB122.3 million and RMB64.1 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively, representing 26.6%, 24.9%, 21.3% and 15.2% of our profit before tax during the same periods.

In addition to our operations of public utility services, our financial investments enable us to efficiently utilize our capital and enhance the value of our Company. We have implemented a clearly-defined and focused investment principle and rigorous decision-making procedures for both investment and disposal. We make direct equity investments in companies that operate in industries that we are familiar with and also in selected investment platforms, such as Shenzhen Capital Group, Shanghai Hangxin and Shanghai Xingye Venture Capital. These companies are our associated companies and are accounted for under the equity method. We generally hold our investments in associated companies with a view to long-term growth and return. Our principle for investments in available-for-sale financial assets is to focus on private companies in the PRC which have a plan for a public listing in the foreseeable future. Our investment decision-making process involve extensive due diligence and review processes and if necessary, we also engage third-party professionals to assist in the evaluation of target companies. In particular, we are currently the third largest shareholder of Shenzhen Capital Group. According to the CIC Report, Shenzhen Capital Group was the largest venture capital company in China in 2015 in terms of capital under management. Shenzhen Capital Group had a net asset value of RMB12.2 billion as of June 30, 2016. Share of results attributable to our investment in Shenzhen Capital Group was RMB116.9 million, RMB149.5 million, RMB127.4 million and RMB103.1 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively, representing 32.2%, 35.9%, 22.2% and 24.5% of our profit before tax during the same periods. We monitor and evaluate our financial investment portfolio on an on-going basis. In 2013, 2014 and 2015 and the six months ended June 30, 2016, we generated net investment income and gains of RMB44.4 million, RMB163.0 million, RMB72.1 million and RMB106.9 million, respectively, representing 12.2%, 39.1%, 12.6% and 25.4% of our profit before tax during the same periods.

We also entered into the micro-credit business in November 2013 and the financial leasing business in September 2014. We entered into such businesses as a means to explore alternative revenue sources. Revenue generated from our micro-credit operations represented less than 1% of our total revenue in 2014, 2015 and the six months ended June 30, 2016 and the outstanding loan receivables of our micro-credit business as of June 30, 2016 represented

1.3% of our total asset. Revenue generated from our financial leasing operations represented 0.5% and 1.2% of our total revenue in 2015 and the six months ended June 30, 2016,

The table below sets forth our revenue by operational segments for the indicated periods:

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	RMB•000	%	RMB•000	%	RMB•000	%	RMB•000 (Unaudited)	%	RMB•000	%
Public Utility Services										
Piped gas supply	3,695,224	94.0	3,960,609	94.0	4,359,700	94.4	2,478,541	95.1	2,379,022	93.5
Wastewater treatment	167,294	4.3	166,371	4.0	148,256	3.2	83,020	3.2	94,068	3.7
Public infrastructure projects	67,331	1.7	63,289	1.5	58,112	1.3	29,915	1.2	28,687	1.1
	3,929,849	100.0	4,190,269	99.5	4,566,068	98.9	2,591,476	99.5	2,501,777	98.3
Financial Services										
Micro-credit	...	...	22,288	0.5	28,996	0.6	12,844	0.5	10,907	0.5
Financial leasing	...	...	...	...	21,531	0.5	1,023	<0.1	31,341	1.2
Total										

The success of our public utility operations in Shanghai served as a foundation for further expansion of our operations. The extensive operational experience we gained in operating public utility businesses in Shanghai enabled us to expand and quickly ramp up our operations into other regions in Eastern China. The steady cash flow generated from our public utility service operations provided us with necessary capital resources to make strategic and financial investments as a means to efficiently broaden our business reach and diversify our income stream to enhance the value of our Company. Net cash flow generated from our operations was RMB532.5 million, RMB890.3 million, RMB355.2 million and RMB462.1 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively.

We believe we are well-positioned to leverage our leading position and market reputation in Shanghai to continue to capitalize on the future economic growth in Shanghai. Our long operational history, strong local presence, well-known brand name and in-depth operational know-how all contribute to our competitive advantages. By leveraging such advantages, we believe we are able to capitalize on the growth opportunities in Shanghai in the future and further consolidate our leading market position. According to the CIC Report, Shanghai has been shifting its focus towards economic and social reforms, and the Shanghai economy is expected to maintain steady growth. The Shanghai government plans to build Shanghai into a global resource distribution center, in particular in the economic, finance, trade and logistics segments. Moreover, the Shanghai government promulgated Shanghai Urban Redevelopment Plans (j 9 ì 9 » - ¼ D l ,) in 2015, which mandates, among other things, district government to implement plans to further improve public service facilities and urban infrastructure in Shanghai. In addition, the State Council has promulgated policies to accelerate the PPP reform program which, among other things, encourages private capital to invest in urban gas supply industry by simplifying the government approval process and creating favorable financing environment. We entered into the piped gas supply business in Shanghai in 2001 by acquiring a 50% equity interest in Shanghai Dazhong Gas, as a result of the Shanghai government•s initiatives to reform its role in certain industries by introducing private ownership into wholly-owned government operators. We believe we can leverage our experience in Shanghai Dazhong Gas to capture future opportunities in the PPP reform program once it is implemented.

Long-established piped gas supply and quality wastewater treatment operations in the Yangtze River Delta

Our public utility operations focus on continuing to reinforce our leading position as a piped gas supplier while rapidly expanding the scale and the geographic reach of our wastewater treatment operations.

Long-established leading position as a piped gas supplier in Shanghai and Nantong Area

We had a market share of approximately 36.0% in terms of supply volume in 2015 in the natural gas supply industry in Shanghai, according to the CIC Report. Since 2001, we have been the sole supplier of piped gas in the South Puxi Area, one of the most economically

plant won the National Exemplary Urban Wastewater Treatment Plant Award (Œ 7 ì D î å ˆ # E¢ ´ ø 6) issued by China Urban Water Supply and Disposal Committee in 2008. In 2010, we acquired a majority equity interest in Jiangsu Dazhong Water which operates five wastewater treatment plants through BOT or TOT arrangements in the Xuzhou Area, a strategic location in the government•s plan to divert water source in Southern China to supply Northern China. Our wastewater treatment plants in Xuzhou Area have won multiple awards, including Exemplary Urban Wastewater Treatment Plant in Jiangsu (ê = ² ´ ø ì 9 î å ˆ #E¢) in 2009.

In April 2015, the State Council promulgated the Water Pollution Prevention Plan (å î Q # 7 Œ), detailing the government•s plans for water pollution prevention and wastewater treatment in China. According to the CIC Report, the subsequent government investments and initiatives under this plan will greatly stimulate the wastewater treatment business and create substantial demands and opportunities. We believe we are well positioned to leverage our operational experience to capitalize on such opportunities.

Diversified income stream through a prudent investment portfolio with solid historical performance of sustained value growth and recurring dividend income

In addition to our operations of public utility services, we also have a long history of making prudent and highly selective strategic and financial investments in public utility, finance

Group. In addition, many members of our senior management have extensive experience in the transportation industry as we started our business as a taxi operator in Shanghai, and our senior management provide strategic and operational advice to Dazhong Transportation Group from time to time.

Our strategic investment in Dazhong Transportation Group has generated strong returns for us over the years. Under the equity accounting method, we recorded share of results from Dazhong Transportation Group in the amount of RMB96.7 million, RMB103.8 million, RMB122.3 million and RMB64.1 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively, representing 26.6%, 24.9%, 21.3% and 15.2% of our profit before tax during the same periods. Dividends we received from Dazhong Transportation Group was RMB30.2 million, RMB30.5 million, RMB33.3 million and RMB37.6 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively.

Financial investments

We believe prudent financial investment is a viable means to efficiently utilize our capital to increase the value of our Company. Based on extensive diligence and risk analyses, we made equity investments in a portfolio of companies in the public utility, finance, and other industries. In particular, we became the second largest shareholder of Shenzhen Capital Group in November 2002 after acquiring a 20% equity interest and we are currently its third largest shareholder. We are actively involved in the business decision-making and risk management of Shenzhen Capital Group through our presence on its board of directors. Two of our Directors, namely, Mr. Yang Guoping and Mr. Liang Jiawei, serve on the board of directors of Shenzhen Capital Group, and also act as members of strategy and budget committee, remuneration and assessment committee and nominating committee of the board. Mr. Yang serves as the chairman of the remuneration and assessment committee. From 1999 to 2015, Shenzhen Capital Group made over 600 investments for an aggregate amount of over RMB19.6 billion, and had become the largest venture capital company in China in 2015 in terms of capital under management, according to the CIC Report. Shenzhen Capital Group had a net asset value of RMB12.2 billion as of June 30, 2016 and had over 100 public companies listed on 17 stock exchanges globally in its investment portfolio. Under the equity accounting method, we recorded share of results from Shenzhen Capital Group in the amount of RMB116.9 million, RMB149.5 million, RMB127.4 million and RMB103.1 million in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively, representing 32.2%, 35.9%, 22.2% and 24.5% of our profit before tax during the same periods. Dividend we received from Shenzhen Capital Group was RMB48.8 million, RMB48.8 million, RMB58.5 million and nil in 2013, 2014 and 2015 and the six months ended June 30, 2016, respectively.

In addition, we invested in SEISYS which engages in providing smart solutions to the urban transportation system. Mr. Liang Jiawei serves as a vice chairman of the board of directors of SEISYS (¦†ÉZ¤) in 2013 for its smart transportation information system.

Proven capability to fulfill our dual responsibilities to serve public interest and generate returns for shareholders through large-scale government public utility projects

Our management believes that, as a listed company whose main businesses are public utility services, we bear the dual responsibilities to serve public interests and create value for our shareholders. We have built a track record of successfully undertaking large-scale government public utility projects which were complicated and time consuming. In 2013, we were rewarded Top 10 Public Companies that Serve Social Responsibilities (ð H _ 6 ª , j 9 † 8 10 v) by Nanfang Metropolis Daily (Ì Ù Ç 9). At the same time, we have consistently distributed dividends to our Shareholders since we became a publicly listed company on the Shanghai Stock Exchange in 1993.

By undertaking and successfully completing a number of large-scale public utility and infrastructure projects in Shanghai over the years, we have developed a reputation as a major public utility service provider in Shanghai and established trust with the Shanghai government. We believe such market reputation and trust with the Shanghai government support our bidding efforts for additional public utility projects in Shanghai. For example, as part of the urban redevelopment plan of the Shanghai government, we undertook to convert the piped gas supply system, including pipeline network and end appliances, from coal gas to natural gas for the entire South Puxi Area. Given the population density and existing public infrastructure of South Puxi Area, the conversion project was complicated and the available time slots for construction works were limited in order to minimize public inconvenience. We started the conversion project in 2003 and completed the project in the first half of 2015, upon which we became a pure natural gas supplier in Shanghai. In 2003, we secured our first urban infrastructure project, the BOT arrangement of the Xiangyin Road tunnel, through public bidding. In 2005, we acquired the Jiading wastewater treatment plant through public bidding and subsequently expanded its treatment capacity through the construction of phase II and III of the plant. We believe our track record of successfully completing large-scale public utility projects also facilitated our efforts to secure similar projects outside Shanghai in the past, especially in the Yangtze River Delta region where our operations and brand name are well known such as in Nantong Area and Xuzhou Area.

A public facility project is usually sponsored by the local government to address a particular local issue or as part of a larger urban redevelopment plan. To understand the goal or vision underlying such project is the first step in designing a viable bidding proposal and critical to the overall success of the project. We maintain open communications with local governments with regard to the public utility projects we operate which helps us understand public utility business from the governments• perspective. Moreover, budget planning is critical to the bidding proposal, while subsequent cost control is essential to operating within the budget. Our experience in a number of different types of public utility projects help us to produce a rational budget plan in the bidding process and implement cost saving in the construction and operational phases of the project.

Visionary and experienced management led by Mr. Yang Guoping

The visionary strategic planning and detail-orientated execution of our senior management team, led by our Chairman, Mr. Yang Guoping, are critical to our past and future success.

Mr. Yang has led our business development and presided over our business operation since our inception in January 1992. Over the years, Mr. Yang formulated our business objective of serving public interests while enhancing shareholder•s returns, and endorsed the concept of prudent investments in well-understood industries which has become our investment tenet. Mr. Yang was one of the entrepreneurs who participated in the early stage of the economic and corporate structure reform of SOEs in China and has been a business leader in Shanghai during the last three decades. Mr. Yang led a few major public interest related reform projects in Shanghai, including the establishment of taxi operations in 1988, the modernization of corporate structures of SOEs in the public transportation industry in 1997, and the conversion of Shanghai•s piped gas supply system since 2003. Mr. Yang has served as a representative to Shanghai People•s Congress since 2012. Mr. Yang has received nation-wide acknowledgement

governance infrastructure which includes detailed internal control and risk management policies that govern all major aspects of our operations in each department, including operational procedures, responsibility allocation, resource management, reporting hierarchy and internal assessment criteria. This corporate governance infrastructure reflects the operational and management experience we have accumulated over 20 years of our operations. The internal control and risk management policies are subject to review and amended to reflect changes in market conditions, applicable rules and regulations and risk profiles of our various business segments. As a result, we have been selected as a member of the corporate governance index (® ! 7 # 8 p Ó ± p) by the Shanghai Stock Exchange.

Our management believes that risk analysis and control is critical in our investment decision making. Led by our Chairman, our risk management committee reviews and approves all our material investment decisions. For more details on our investment decision making process, please refer to the section • „ Risk Control Policies and MeasuresŽ. Our investment department is responsible for the execution of our investment plans and is under the direct management of our chief executive officer. For important investment projects, we also hire third-party professionals, such as independent auditors, legal counsels and appraisal companies to provide independent report or advice. As a result, we have generated positive returns in the majority of our investments during the Track Record Period.

OUR STRATEGIES

changes in market conditions. We will closely monitor and analyze the development of the

leasing businesses, in order to reduce various operational risks, in particular concentration risk and credit risk. We plan to enhanc(plan)-35FWlanplan phand aenhaf(plan)-3m Tcuand rris(as)-57(is(implema

OUR PUBLIC UTILITY SERVICE BUSINESS

Overview

Our public utility service business includes (i) our operations of piped gas supply,

The table below sets forth revenue contribution from our gas supply business by regions for the indicated periods:

	Year ended December 31,						Six months ended June 30,	
	2013		2014		2015		2016	
	RMB•000	%	RMB•000	%	RMB•000	%	RMB•000	%
Shanghai	3,182,721	86.1	3,351,612	84.6	3,715,278	85.2	2,033,261	85.5
Nantong Area	512,503	13.9	608,997	15.4	644,422	14.8	345,761	14.5
Total	3,695,224	100.0	3,960,609	100.0	4,359,700	100.0	2,379,022	100.0

The increases in revenue contributions from our piped gas supply operations in Nantong Area from 2013 to 2014 were primarily attributable to the faster growth in the numbers of end users as compared to our operations in Shanghai during the same periods. The increase in revenue contribution from our operations in Shanghai from 2014 to 2015 was primarily due to the implementation of the tiered gas retail prices for residential end users in Shanghai in September 2014, which resulted in an increase in revenue and gross profit margin of our piped gas supply operations in Shanghai.

Consolidation of the Financial Statements of Shanghai Dazhong Gas

Our Control over Shanghai Dazhong Gas

We conduct our piped gas supply operations in Shanghai through Shanghai Dazhong Gas. Shanghai Gas Group and our Company each holds a 50% equity interest in Shanghai Dazhong Gas and each party has the right to appoint three directors to the six-member board of directors. The legal representative and the chairman of the board, Mr. Yang Guoping, is appointed by us pursuant to the articles of association of Shanghai Dazhong Gas. We have control over Shanghai Dazhong Gas as we control the decision-making process of the relevant activities that significantly affect the returns. After due analysis, the Joint Sponsors and the reporting accountant concur that we have control over Shanghai Dazhong Gas. For more information on our control over Shanghai Dazhong Gas and our basis for consolidating the financial statements of Shanghai Dazhong Gas, please refer to the section •Financial Information „ Critical Accounting Policies and Judgements „ Judgements „ Consolidation of entities in which the Group holds 50% voting rights „ Control over Shanghai Dazhong GasŽ.

Expert accounting advisory opinions on our consolidation of the financial statements of Shanghai Dazhong Gas

We have engaged two leading international accounting firms (•Accounting Expert A Ž and •Accounting Expert B Ž, respectively, and together, the •Accounting Experts Ž) to issue independent third party accounting advisory opinions on whether it is appropriate to consolidate the financial statements of Shanghai Dazhong Gas in the consolidated financial statements of the Company under IFRS 10.

In forming its opinion, each of the Accounting Experts evaluated all relevant facts presented, including the fact that Shenergy Group also consolidated the financial statements of Shanghai Dazhong Gas in its bond offering circulars.

(A) Accounting Expert A•s Accounting Advisory Opinion

In assessing whether the judgement made by the Directors regarding consolidation of Shanghai Dazhong Gas is appropriate, Accounting Expert A made reference to IFRS 10 which states that an entity controls another entity, if and only if:

€ the entity has power over the other entity;

€ the entity has exposure, or has rights, to variable returns of the other entity; and

€ the entity has ability to use the power to affect the variable returns of the other entity.

Accounting Expert A considers all facts presented and critical judgement made by the Directors. In forming its accounting advisory opinion, Accounting Expert A considers the assessment made by the Directors of each of the above criteria as set out in IFRS 10 as follows:

In assessing whether the Group has power over Shanghai Dazhong Gas, the following considerations were taken into account:

Purpose and design of Shanghai Dazhong Gas : The Directors consider that the purpose and design since the establishment of Shanghai Dazhong Gas is for the Group to control it. This is reflected in Clause 7.4 of the Shareholders• Agreement of Shanghai Dazhong Gas which stated that •the Company should consolidate the financial statements of Shanghai Dazhong GasŽ. Moreover, the management and operation system of Shanghai Dazhong Gas was set up by the Group and key management personnel overseeing the relevant activities which significantly affect the returns (the •Relevant Activities Ž) are nominated and appointed by the Group. Such management and operation system has been effectively executed for 15 years and to the best knowledge of the Directors, Shanghai Gas Group had never raised any objection in this respect. In addition, the Group has veto right to block any changes to the current system.

Relevant Activities of Shanghai Dazhong Gas and how decisions about the Relevant Activities are made: The Directors have determined that Relevant Activities of Shanghai Dazhong Gas are: (a) design and construction of gas pipelines; (b) appointment, evaluation and remuneration of key management personnel; (c) budgeting and financial management; (d) management of supply and sales volume difference and major customer discount; and (e) strategic investments. On the other hand, given the strict regulation in the gas supplies industry, neither the Group nor Shanghai Gas Group is able to adjust the gas procurement and retail price or opt to suspend or terminate gas supply. Accordingly, the Directors conclude that supply and sales of piped gas (excluding management of supply and sales volume difference

and major customer discount) are not Relevant Activities. While it was not specified in the articles of association or Shareholders• Agreement of Shanghai Dazhong Gas, in practice, all important decisions relating to Relevant Activities are made at the executive management meetings led by the Chairman appointed by the Group.

The current ability of the Group to direct relevant activities: The Directors concluded that the Group has the current ability to direct Relevant Activities of Shanghai Dazhong Gas as:

€ the Group can nominate and appoint key management personnel of Shanghai Dazhong Gas, which includes the chairman and legal representative, secretary of the board, chief financial officer, chief economist and chief engineer. These key management personnel are those who collectively and individually have the ability to direct Relevant Activities;

€ the chairman appointed by the Group directs Shanghai Dazhong Gas on all significant transactions through his active leadership in the executive management meetings. The chairman is also the legal representative of Shanghai Dazhong Gas who is responsible for signing key contracts with external parties and makes relevant payments; and

€ the Group has majority voting rights at the remuneration committee which determines the remuneration of key management as an incentive to achieve its operational and financial goals.

Also, the Directors consider that Shanghai Dazhong Gas does not rely on Shanghai Gas Group operationally or financially and Shanghai Gas Group cannot unilaterally approve any changes to the arrangement discussed above. Based on the above, the Directors consider that the Group is the party that has power over Shanghai Dazhong Gas.

Since the Group holds 50% equity interest in Shanghai Dazhong Gas, it is considered that the Group has sufficient exposures from variable returns of Shanghai Dazhong Gas and is able to use its power to affect the variable returns.

Based on all relevant facts and circumstances as represented by the Directors and taking into account the analysis and critical judgement made by them, Accounting Expert A considers that the Directors have a reasonable basis to consolidate the financial statements of Shanghai Dazhong Gas in its consolidated financial statements for the three years ended December 31, 2015 in accordance with IFRS. Our Directors confirmed that, to the best of their knowledge, there was no material change to any and all relevant facts and circumstances stated above in the expert opinion from January 1, 2016 to the Latest Practicable Date.

(B) Accounting Expert B•s Accounting Advisory Opinion

The Directors consider that the Group has control over Shanghai Dazhong Gas and it should consolidate Shanghai Dazhong Gas• financial statements pursuant to relevant regulations and requirements of control under IFRS 10. Accounting Expert B understands that critical judgment is required when the Directors determine the relevant accounting policy on the consolidation of Shanghai Dazhong Gas. Accounting Expert B made an analysis in the following aspects:

(i) whether the Group has power to direct the relevant activities of Shanghai Dazhong Gas;

(ii) whether the Group has exposure, or rights, to variable returns from Shanghai Dazhong Gas; and

(iii) whether there is a link between the power and the variable returns, which means whether the Group has the ability to use its power to affect the variable returns.

(a) Relevant activities of Shanghai Dazhong Gas

Shanghai Dazhong Gas, since its establishment in 2001, has been operating within the Shanghai city municipal development plan and the gas supply of the industry. The city municipal government authorities set procurement prices and retail prices, and impose strict obligations on upstream suppliers and downstream households so as to maintain stable and uninterrupted supplies to all end users, which leave a relatively stable margin space for profitability of Shanghai Dazhong Gas. As a result, there is no need for Shanghai Dazhong Gas to focus on expanding its market shares within the region of Shanghai city.

As the main operations of Shanghai Dazhong Gas focus on the midstream activities, Accounting Expert B concurs with the Directors that the relevant activities which significantly affect variable returns are: (1) significant strategic investments and acquisitions; (2) design, construction and improvement of gas pipelines; (3) control over supply and sales volume difference; (4) budgeting and financial management; (5) manpower and other cost control; and (6) control over cash flows.

(b) Power to direct the relevant activities

Shareholders level:

From 2001 to December 31, 2015, the Directors confirm there were a total of seven shareholders• resolutions being passed in Shanghai Dazhong Gas. The first resolution was made in 2001 for approving the article of association, electing directors and supervisors, and reporting the process of Shanghai Dazhong Gas• set-up. The other six resolutions mainly related to appointment of directors and supervisors, approving share transfer, and approving

the Nangchang Gas Co., Ltd•s equity arbitration matter. In view of the above and as further described by the Directors, the shareholders meeting merely acts as a legal form of the highest authority of Shanghai Dazhong Gas.

Board of directors level:

The board of directors consists of six directors, three of whom are appointed by the Company, including the chairman of the board. The other three directors are appointed by Shanghai Gas Group. Three of the six directors are executive directors, among whom two are appointed by the Company and one is appointed by Shanghai Gas Group.

Mr. Yang Guoping, who acts as both the legal representative and the chairman of the board of Shanghai Dazhong Gas, is deeply involved in the daily operations of Shanghai Dazhong Gas and exerts more power and authority over the board compared with other directors.

The remuneration committee set up by the board of directors of Shanghai Dazhong Gas contains three members, including two directors appointed by the Company and one director appointed by Shanghai Gas Group. Decisions are made effectively by simple majority votes. As such, the Group makes evaluation and supervision over the remuneration of the key management members of Shanghai Dazhong Gas through the remuneration committee, further

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

		As at 30 September	As at 31 December
	t	2016	2015
		MB'000	*MB'000*
		(t)	*(A t)*
Non-current assets			
Property, plant and equipment	15	4,387,609	4,390,369
Investment properties		65,499	67,147
Payments for leasehold land held for own use under operating leases		69,928	80,835
Goodwill	34	1,312	–
Intangible assets	16	337,701	183,542
Investments in associates	17	4,710,310	4,082,210
Available-for-sale financial assets	18	821,319	833,729
Trade and bills receivables	19	507,376	544,600
Lease receivables	20	441,621	340,144
Amount due from grantor	21	627,082	653,216
Long-term prepayment		20,050	3,000
Deferred tax assets	22	21,903	19,618
Total non-current assets		12,011,710	11,198,410
Current assets			
Inventories		25,913	22,343
Amount due from an associate	17	60,335	60,335
Trade and bills receivables	19	301,811	329,474
Lease receivables	20	534,405	412,785
Loan receivables	23	214,193	200,811
Prepayments and other receivables		126,496	178,933
Amount due from grantor	21	34,408	33,090
Financial assets at fair value through profit or loss	24	70,730	106,333
Available-for-sale financial assets	18	184,017	85,000
Pledged deposits	25	158,000	3,397
Cash and cash equivalents	25	2,283,876	1,549,655
Total current assets		3,994,184	2,982,156

	As at	

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Equity attributable to owners of the Company									
	Share capital	Capital reserve	Statutory reserve	Exchange reserve	Investment revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total
	₮MB'000	*₮MB'000*	*₮MB'000*	*₮MB'000*	*₮MB'000*	*₮MB'000*	*₮MB'000*	*₮MB'000*	*₮MB'000*	*₮MB'000*
Unaudited										
1 January 2016	2,467,305	169,240	669,878	5,942	293,393	1,451,247	661,059	5,718,064	1,061,122	6,779,186
Profit for the period	–	–	–	–	–	–	443,771	443,771	58,433	502,204
Other comprehensive income for the period:										
Share of other comprehensive income of associates	–	–	–	–	–	(147,855)	–	(147,855)	–	(147,855)
Change in fair value of										

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Nine months ended 30 September	
	2016	2015
	₩'000	₩'000
	(unaudited)	(unaudited)
Profit before income tax expense	563,236	602,782
Adjustments for:		
Finance costs	132,935	132,468
Share of results of associates	(346,833)	(223,076)
Amortisation on payments for leasehold land held for own use under operating leases	1,577	1,688
Amortisation on intangible assets	16,769	7,573
Depreciation of property, plant and equipment	238,252	226,847
Depreciation of investment properties	1,649	1,649
Impairment loss on property, plant and equipment	–	51,712
Impairment loss on trade receivables	589	621
Impairment loss on loan receivables	418	2,149
Impairment loss on prepayments and other receivables	219	916
Loss on disposal of property, plant and equipment	8,161	459
Loss on written off of intangible assets	3,386	–
Loss on disposal of subsidiaries	987	–
Gain on partial disposal of equity interests in an associate	–	(216,386)
Compensation loss in connection with disposal of a subsidiary in prior year	–	80,000
Loss/(gain) on disposal of financial assets at fair value through profit or loss – held for trading	5,774	(5,106)
Gain on disposal of available-for-sale financial assets	(13,510)	(28,288)
Gain on disposal of government bonds	(1,727)	(3,899)
Changes in fair value of financial assets at fair value through profit or loss	1,848	31,404
Dividend income	(123,687)	(26,741)
Other financial income	(7,240)	(3,499)
Exchange gain	(6,344)	(2,656)
Financial income from wastewater treatment income	(24,595)	(27,519)
Financial income from public infrastructure projects	(31,067)	(34,653)
Bank interest income	(9,944)	(12,913)
Other interest income	(3,415)	(3,416)
Others	(2,994)	2,473

	Nine months ended 30 September	
	2016	2015
	₮ *MB'000*	₮ *MB'000*
	(t)	*(t)*
Operating profit before working capital changes	404,444	554,589
(Increase)/decrease in inventories	(3,595)	502
Decrease in trade and bills receivables	37,081	33,394
(Increase)/decrease in prepayments and other receivables	(53,706)	13,704
Increase/(decrease) in trade and bills payables	350,446	(111,517)
Decrease in other payables	(96,328)	(16,862)
Increase in deferred income	46,814	48,914
Increase/(decrease) in amounts due to customers for contract work	100,130	(51,983)
Cash generated from operations	785,286	470,741
Bank interest income	9,944	12,913
Other interest income	3,415	3,416
Income taxes paid	(31,735)	(49,068)
Net cash flows generated from operating activities	766,910	438,002

	Nine months ended 30 September	
	2016	2015
	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Cash flows from investing activities		
Proceeds from disposals of investments and financial assets	261,561	416,961
Net payment in lease receivables	(177,956)	(324,083)
Net payment in loan receivables	(13,800)	(4,899)
Increase in pledged deposit	(154,603)	…
Proceeds from return on investment and financial assets	398,292	164,338
Proceeds from disposals of property, plant and equipment, intangible assets and long-term investments	233	159
Proceeds from disposals of subsidiaries, net of cash and cash equivalents disposed of	4,905	…
Proceeds from repayment of amount due from grantor	110,924	120,026
Receipt for wastewater treatment tender	100,800	…
Payment for compensation in connection with disposal of a subsidiary in prior year	…	(80,000)
Acquisition of property, plant and equipment and payments for leasehold land held for own use under operating leases	(308,643)	(395,445)
Acquisition of intangible assets	(31,101)	(5,280)
Payments for acquisition of new investments	(958,747)	(284,846)
Net cash flows used in investing activities	(768,135)	(393,069)
Cash flows from financing activities		

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

1. CORPORATE INFORMATION

Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the •Company Ž) was established in the People•s Republic of China (the •PRCŽ) on 1 January 1992 as a joint stock limited liability company. On 4 March 1993, the Company was listed on the Shanghai Stock Exchange. Its registered office and the principal place of business activities is located at No. 518, Shang Cheng Road, Pudong New District, Shanghai, the PRC and 1515 Zhongshan Road West, Shanghai, the PRC respectively.

The Company is principally engaged in investment holding. The principal business activities of its subsidiaries (together with the Company, the •Group Ž) included piped gas supply, wastewater treatment, public infrastructure projects and financial services.

In the opinion of the Directors, the immediate holding company is Shanghai Dazhong Business Management Co., Ltd. (j } : † 8 M # Þ " ® !), a company incorporated in the PRC, and the ultimate controlling shareholder of the Company is Shanghai Dazhong Business Management Employee Share Ownership Committee (j } : † 8 M # Þ " ® ! ˆ 5 p 6).

The unaudited condensed consolidated financial statements are presented in Renminbi (•RMBŽ), which is also the functional currency of the Company. All values are rounded to the nearest thousand except otherwise indicated.

The unaudited condensed consolidated financial statements have been prepared by the directors of the Company solely for the purpose of the listing of the H shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited. As a result, the condensed consolidated financial statements may not be suitable for another purpose.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (•IASŽ) 34 •Interim Financial ReportingŽ issued by the International Accounting Standards Board (•IASBŽ) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the •Listing Rules Ž).

The significant accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 are the same as those followed in the preparation of the Group•s consolidated financial statements for each of the years ended 31 December 2013, 2014 and 2015 and six months ended 30 June 2016.

The unaudited condensed consolidated financial statements should be read in conjunction with the Group•s consolidated financial statements for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair values.

The Group had net current liabilities of approximately RMB1,658,086,000 as at 30 September 2016. The Group meets its day-to-day work capital requirements through its bank borrowings. Its forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current banking facilities. The directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future, and therefore are of the view that it is appropriate to adopt the going concern basis in preparing the unaudited condensed consolidated financial statements. Further information on the Group•s bank borrowings is set out in note 26.

As at the date of this report, the IASB has issued the following new and revised International Financial Reporting Standards (•IFRSsŽ), potentially relevant to the Group•s operations which are not yet effective and have not been early adopted in preparing the unaudited condensed consolidated financial statements.

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Tax Losses[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to IFRS 15	Clarification on Revenue from Contracts with Customers[2]

The directors anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported on revenue as the timing of revenue recognition may be affected by the new standard, and more disclosures relating to revenue is required. Currently, the directors are in the midst of assessing the financial impact of the application of IFRS 15 and a reasonable estimate of the effect will be available once the detailed review is completed.

IFRS 16 „ Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statement of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of IAS 16 •Property, Plant and EquipmentŽ, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

Total operating lease commitments of the Group in respect of land and buildings and office premises as at 30 September 2016 amounted to approximately RMB10,689,000. The directors do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group•s results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited condensed consolidated financial statements requires management to make significant judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. The significant judgements, estimates and assumptions used in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 are the same as those followed in the preparation of the Group•s consolidated financial statements for each of the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016.

4. SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the Group•s chief operating decision maker, which are the Company•s executive directors that are used to make strategic decisions.

The Group has six reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group•s reportable segments:

€ Piped gas supply;

€ Wastewater treatment;

€ Public infrastructure projects;

€ Investments;

€ Transportation services; and

€ Financial services.

(a) Business segment

For the nine months ended 30 September 2016	Piped gas supply	Wastewater treatment	Public infrastructure projects	Investments	Transportation services	Financial services	Segment total
(Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Revenue from external customers	3,216,695	132,571	42,165	...	...	65,919	3,457,350
Inter-segment revenue	...	...	...	...	...	...	...
Reportable segment revenue	3,216,695	132,571	42,165	...	...	65,919	3,457,350
Reportable segment profit	86,715	43,724	20,171	364,868	108,602	45,101	669,181
Unallocated income/(expenses), net							(18,866)
Unallocated interest income							6,492
Unallocated interest expenses							(93,571)
Profit before income tax expense							563,236
Reportable segment assets	5,785,140	1,149,772	768,175	3,219,996	2,418,139	1,606,321	14.947,543
Unallocated cash and cash equivalents							854,667
Corporate assets*							203,684
Total assets							16,005,894
Reportable segment liabilities	4,279,848	150,503	272,463	440,100	...	846,227	5,989,141
Unallocated borrowings							987,300
Corporate bonds and short-term bonds payable							1,894,026
Corporate liabilities#							255,509
Total liabilities							9,125,976
Other segment information:							
Share of results of associates	3,632	(359)	...	234,958	108,602	...	346,833
Interest income	4,753	323	584	498	...	709	6,867
Interest expenses	9,374	3,156	7,420	3,366	...	16,048	39,364
Investment income and gains, net	...	...	...	138,542	...	...	138,542
Amortisation	1,444	16,634	...	...	...	62	18,140
Depreciation	234,828	2,244	67	...	...	499	237,638
Impairment loss on trade receivables	117	371	145	...	...	...	633
Impairment loss on loan receivables	...	...	...	...	...	418	418
Impairment loss on prepayments and other receivables	983	314	...	...	...	9	1,306
Loss on disposal of property, plant and equipment	8,153	...	...	...	...	...	8,153
Loss on written off of intangible assets	...	3,386	...	...	...	...	3,386
Loss on disposal of subsidiaries	...	987	...	...	...	...	987
Investments in associates	363,938	26,286	...	1,901,947	2,418,139	...	4,710,310
Additions to non-current assets	378,872	120,063	...	...	...	14	498,949

* Corporate assets consisted of goodwill, investment property, property, plant and equipment, amount due from an associate, intangible assets and prepayments and other receivables for the amounts approximately RMB1.3 million, RMB65.5 million, RMB6.0 million, RMB60.3 million, RMB0.2 million and RMB70.4 million respectively.

Other unallocated corporate liabilities consisted of deferred tax liabilities, other payables, salary payables, dividend and interest payable, accounts payable and receipts in advance for the amounts approximately RMB59.0 million, RMB78.3 million, RMB21.0 million, RMB22.2 million, RMB1.6 million and RMB73.4 million respectively.

5. REVENUE

Revenue represents the net invoiced value of goods sold, after discounts and returns; the value of services rendered; an appropriate proportion of contract revenue of construction contracts; and interest income earned from provision of finance during the nine months ended 30 September 2016.

An analysis of revenue is as follows:

	Nine months ended 30 September	
	2016	2015
	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Piped gas supply:		
Sale of gas fuel	2,699,455	2,741,758
Gas pipeline construction income	253,598	345,276
Gas connection income (note 30)	163,203	155,143
Sale of related products	100,439	98,867
Wastewater treatment:		
Operations income	107,976	91,704
Financial income	24,595	27,519
Public infrastructure projects:		
Operations income	11,098	9,241
Financial income	31,067	34,653
Financial services:		
Interest income and related revenue	16,629	22,325
Financial leasing related income	49,290	8,405
	3,457,350	3,534,891

6. OTHER INCOME AND GAINS

	Nine months ended 30 September	
	2016	2015
	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Bank interest income	9,944	12,913
Other interest income	3,415	3,416
Government grants	6,985	5,071
Loss on disposal of property, plant and equipment	(8,161)	(459)
Loss on written off of intangible assets	(3,386)	…
Rental income	7,972	8,144
Others	1,864	8,833
	18,633	37,918

7. DISPOSAL OF SUBSIDIARIES

On 14 July 2016, a subsidiary of the Group entered into two share transfer agreements to dispose 51% of each of its two wholly-owned subsidiaries, namely Pizhou Fountainhead Water Operation Co., Ltd. and Xuzhou Fountainhead Sewage Co., Ltd., both of which were engaged in wastewater treatment business. Subsequent to the disposal, these entities become associates of the Group. The net assets as at the date of disposal were as follows:

Pizhou Fountainhead Water Operation Co., Ltd.

	14 July 2016
	RMB•000
Property plant and equipment	4,934
Intangible assets	18,990
Inventories	17
Trade and bill receivables	1,295
Prepayments and other receivables	10,390
Deferred tax assets	581
Cash and cash equivalents	1,327
Borrowings	(2,484)
Trade and bill payables	(2,288)
Other payables	(590)
Provision for restoration	(2,325)
	29,847
Loss on disposal of a subsidiary	(712)
Total consideration	29,135
Total consideration satisfied by:	
Cash received	4,837
Consideration receivable	9,673
Fair value of equity interest retained as an associate	14,625
	29,135
Net cash inflow arising on disposal:	
Cash consideration received	4,837
Cash and cash equivalents disposed of	(1,327)
	3,510

Xuzhou Fountainhead Sewage Co., Ltd.

	14 July 2016
	RMB•000
Property plant and equipment	931
Intangible assets	17,470
Inventories	8
Trade and bill receivables	642
Prepayments and other receivables	9,583
Deferred tax assets	764
Cash and cash equivalents	2,684
Borrowings	(2,750)
Trade and bill payables	(369)
Other payables	(1,375)
Provision for restoration	(3,055)
	24,533
Loss on disposal of a subsidiary	(275)
Total consideration	24,258
Total consideration satisfied by:	
Cash received	4,079
Consideration receivable	8,157
Fair value of equity interest retained as an associate	12,022
	24,258
Net cash inflow arising on disposal:	
Cash consideration received	4,079
Cash and cash equivalents disposed of	(2,684)
	1,395

8. INVESTMENT INCOME AND GAINS, NET

	Nine months ended 30 September	
	2016	2015
	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Gain/(loss) on disposal of financial assets, net:		
... Financial assets at fair value through profit or loss ... held for trading	(5,774)	5,106
... Available-for-sale financial assets	13,510	28,288
... Government bonds	1,727	3,899
	9,463	37,293
Change in fair value of financial assets at fair value through profit or loss	(1,848)	(31,404)
Dividend income	123,687	26,741
8,18.e		

- *t :* Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.9% (2015: 5.84%) to expenditure on qualifying assets for the nine months ended 30 September 2016.

10. EMPLOYEE COMPENSATION COSTS

	Nine months ended 30 September	
	2016	2015
	MB'000	*MB'000*
	(t)	*(t)*
Wage, salaries and allowances	235,231	216,524
Retirement benefit scheme contribution	66,393	64,828
Other benefits	43,350	44,254
	344,974	325,606

11. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	Nine months ended 30 September	
	2016	2015
	MB'000	*MB'000*
	(t)	*(t)*
Inventories recognised as expense	2,227,160	2,147,774
Amortisation on payments for leasehold land held for own use under operating leases	1,577	1,688
Amortisation on intangible assets (included in administrative expenses and cost of sales)	16,769	7,573
Depreciation of property, plant and equipment	238,252	226,847
Depreciation of investment properties	1,649	1,649
Impairment loss on property, plant and equipment	–	51,712
Impairment loss on trade receivables	589	621
Impairment loss on loan receivables	418	2,149
Impairment loss on prepayments and other receivables	219	916
Operating lease rental expenses in respect of buildings	8,505	8,685

12. INCOME TAX EXPENSE

The amount of income tax expense in the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Nine months ended 30 September	
	2016	2015
	MB'000	*MB'000*
	(t)	*(t)*
PRC enterprise income tax		
– tax for the period	64,670	61,479
– (over)/under-provision in respect of prior periods	(738)	1,638
Hong Kong profits tax		
– tax for the period	–	–
Deferred tax (note 22)	(2,900)	(6,482)
Income tax expense	61,032	56,635

Profits of subsidiaries established in the PRC are subject to PRC enterprise income tax based on the statutory rate of 25% during the nine months ended 30 September 2016 and 2015.

Profits of subsidiaries established in Hong Kong are subject to Hong Kong Profits tax at the statutory rate of 16.5% during the nine months ended 30 September 2016 and 2015.

The income tax expense can be reconciled to the profit before income tax expense per the unaudited condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Nine months ended 30 September	
	2016	2015
	MB'000	*MB'000*
	(t)	*(t)*
Profit before income tax expense	563,236	602,782
Tax calculated at the PRC statutory rate of 25%	140,809	150,696
Effect of non-taxable income	(12,146)	(10,203)
Effect of non-deductible expenses	10,268	2,016
Tax effect of share of results of associates	(86,708)	(55,769)
Utilisation of tax losses previously not recognised	(8,542)	(53,541)
Tax effect of tax losses not recognised	19,217	2,305
Tax effect on changes on fair value of financial assets, impairment loss on assets and timing difference on employee benefits	3	20,817
Effect of tax exemptions granted to a subsidiary (note)	(1,131)	(1,324)
(Over)/under-provision in respect of prior periods	(738)	1,638
Income tax expense	61,032	56,635

t :

According to the relevant PRC Enterprise Income Tax Law, Xuzhou Dazhong Water Operation Co., Ltd., a subsidiary of the Group, is approved by the Jiangsu Provincial Donghai County National Tax Authority to enjoy a 50% reduction of enterprise income tax for the years from 2014 to 2016.

13. DIVIDENDS

	Nine months ended 30 September	
	2016	2015
	MB'000	*MB'000*
	(t)	*(t)*
Interim dividend	–	–

2015 dividend paid in the amount of RMB148,038,000 (2014: RMB57,422,000) showed in the unaudited condensed consolidated statement of changes in equity on page IB-6 represented the final dividend of RMB0.06 (2014: RMB0.035) per ordinary share proposed and paid for the year ended 31 December 2015. No interim dividend was proposed or declared for the nine months ended 30 September 2016 and 2015.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Nine months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Ear		

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvem ents	Motor vehicles	Gas pipelines and machinery	Equipment, furniture and fixtures	Construction in progress	Total
	RMB•000	RMB•000	RMB•000	RMB•000	RMB•000	RMB•000	RMB•000
Cost							
At 1 January 2015	193,130	13,813	59,133	5,567,960	48,320	733,808	6,616,164
Additions[#]	368	821	1,610	1,304	772	513,123	517,998
Transfer of construction in progress	4,500	...	6,357	581,533	6,737	(599,127)	...
Disposals	(101)	...	(7,786)	(144,467)	(5,000)	...	(157,354)
At 31 December 2015 and 1 January 2016	197,897	14,634	59,314	6,006,330	50,829	647,804	6,976,808
Additions[#]	...	817	2,174	590	764	452,826	457,171
Acquired through business combination (note 34)	...	30	5	1,417	63	...	1,515
Transfer of construction in progress	318	...	2,809	411,409	1,042	(415,578)	...
Transfer to intangible assets (note 16)	(47,388)	...	...	(14,366)	...	(169,205)	(230,959)
Disposals of subsidiaries (note 7)	...	(1,458)	(203)	...	...	(4,846)	(6,507)
Disposals	...	...	(4,755)	(47,679)	(5,706)	...	(58,140)
At 30 September 2016	150,827	14,023	59,344	6,357,701	46,992	511,001	7,139,888
Accumulated depreciation and impairment							
At 1 January 2015	66,549	8,378	27,525	2,233,426	34,242	...	2,370,120
Charge for the year	6,102	1,351	5,524	295,026	4,258	...	312,261
Impairment	...	...	...	51,712	...	...	51,712
Written back on disposals	(97)	...	(7,319)	(135,523)	(4,715)	...	(147,654)
At 31 December 2015 and 1 January 2016	72,554	9,729	25,730	2,444,641	33,785	...	2,586,439
Charge for the period	3,846	1,044	4,222	226,109	3,031	...	238,252
Transfer to intangible assets (note 16)	(11,795)	...	...	(10,227)	...	...	(22,022)
Disposals of subsidiaries (note 7)	...	(597)	(45)	...	...	...	(642)
Written back on disposals	...	...	(4,115)	(40,287)	(5,346)	...	(49,748)
At 30 September 2016	64,605	10,176	25,792	2,620,236	31,470	...	2,752,279
Net book value							
At 31 December 2015 (Audited)	125,343	4,905	33,584	3,561,689	17,044	647,804	4,390,369
At 30 September 2016 (Unaudited)	86,222	3,847	33,552	3,737,465	15,522	511,001	4,387,609

[#] Including borrowing costs of approximately RMB2,044,000 capitalised during the nine months ended 30 September 2016 (year ended 31 December 2015: RMB3,333,000) (note 9).

Due to the fact that certain gas pipelines of the Group were no longer used during the year ended 31 December 2015, management estimated the recoverable amount of these gas pipelines, based on their fair value less costs to sell, to be negligible as it was impractical to remove these gas pipelines from underground for resale. Accordingly, the Group fully impaired these assets in the segment of piped gas supply with net book value of RMB51,712,000 during the year ended 31 December 2015.

As at 30 September 2016, the Group had certain buildings which did not have proper property certificates for the carrying amount of RMB13,059,000 (31 December 2015: RMB13,541,000). Based on the opinion of the PRC lawyer, the directors do not expect any restriction to continue the use of these properties.

16. INTANGIBLE ASSETS

know-how, operations manual, hand-over report, design of infrastructure and related documents and any significant residual interest for the wastewater treatment plant, will be transferred to the grantor or any grantor appointed agencies at the end of the concession period at nil consideration. The operator has the obligation to maintain and restore the wastewater treatment plant to its operational condition upon transferring to the grantor at the end of the concession period. The TOT arrangement does not contain renewal options. The arrangement will be early terminated only when a party breaches the contract or due to unforeseeable circumstances. The operating rights of the above TOT arrangement are recognised as •intangible assetsŽ in the unaudited condensed consolidated financial statements.

As disclosed in note 7, two subsidiaries of the Group which were engaged in wastewater treatment business were disposed on 14 July 2016. The relevant wastewater treatment concession rights in Pizhou and Jiawang District which is located in Xuzhou City in aggregate of RMB36,460,000 were derecognised during the nine months ended 30 September 2016.

17. INVESTMENTS IN ASSOCIATES

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Share of net assets	4,459,939	4,041,892
Goodwill	250,371	40,318
	4,710,310	4,082,210

The amount due from an associate represented a loan to Shenzhen Capital Group Co., Ltd. (•Shenzhen Capital GroupŽ). The loan amount is unsecured, interest-bearing at 8% per annum and due for repayment in 25 November 2016.

Details of the Group•s associates at 30 September 2016 are as follows:

Name of company	Date and place of incorporation/ registration and place of operations	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
		(RMB)	Direct	Indirect	
} : t · («) p ... Þ " ® ! (1) Dazhong Transportation (Group) Co., Ltd. (•Dazhong Transportation GroupŽ)	24 December 1988 PRC/PRC	2,364,122,864	19.82	5.77	Public transportation
- 9 ô - ³ « Þ " ® ! (1)(2) Shenzhen Capital Group	26 August 1999 PRC/PRC	4,202,249,520	13.93	...	Investment holding and provision of financial consultation and assets management services
j e Å } • û U p ... Þ " ® ! (1) Shanghai Dianke Intelligence Systems Inc.	12 December 2007 PRC/PRC	100,000,000	28	...	Provision of products and services for smart transportation solution
j ¦ ³ M # Þ " ® ! (1)(2) Shanghai Hangxin Investment Management Co., Ltd.	22 April 2004 PRC/PRC	255,600,000	16.13	...	Investment business

Name of company

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Non-current investments		
... Listed debt investments	17,913	16,910
... Listed equity investments	449,056	505,513
... Unlisted equity investments (note)	409,581	366,537
	876,550	888,960
Less: Allowance for impairment losses	(55,231)	(55,231)
	821,319	833,729
Current investments		
... Investment-linked deposits*	184,017	85,000

* These investment-linked deposits products were provided by the PRC banking institutions with guaranteed rates of return at fixed periods of terms within 3 months generally. The directors assessed that (i) the fair value of embedded derivative of these deposits was insignificant and accordingly such embedded derivative had not been separately recognised; and (ii) the cost of these deposits is approximated to their fair value, given that these deposits were with guaranteed rates of return and short maturities of within 3 months generally.

Note:

The unlisted equity instruments held by the Group are issued by private companies. As the reasonable range of fair value estimation is so significant that the directors are of the opinion that the fair value cannot be measured reliably, these equity securities are measured at cost less impairment at the end of each reporting period. The Group assessed, at the end of each of the reporting periods, whether there was any objective evidence that the unlisted equity investments were impaired. The steps taken by the directors in assessing whether such objective evidence existed mainly include (i) obtaining information about whether there were significant changes with an adverse effect that had taken place in the technological, market, economic or legal environment in which the investees operated, such as structural changes in the industries in which the investees operate, changes in the level of demand for the goods or services sold by the investees resulting from product obsolescence, changes in the political or legal environments affecting the business of the investees; and (ii) whether there was any observable data that came to the attention of the Group about loss events such as changes in the investee•s

19. TRADE AND BILLS RECEIVABLES

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Trade and bills receivables		
… Trade receivables	312,980	331,652
… Bills receivables	8,659	17,081
	321,639	348,733
Less: Allowance for impairment losses	(19,828)	(19,259)
Current portion	301,811	329,474
Non-current: retention sum for construction contracts	507,376	544,600
	809,187	874,074

The Group•s trading terms with its customers are mainly on credit. The credit period is generally within 60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Although the Group•s trade receivables relate to a number of customers, there is concentration of credit risk. The trade receivables from the five largest debtors as at 30 September 2016 represented 42.93% (31 December 2015: 29.98%) of total trade receivables, while 19.22% (31 December 2015: 10.62%) of the total receivables were due from the largest debtor.

An aged analysis of the trade and bills receivables of the Group, excluding the retention receivables, as at the end of reporting period, based on the invoice date, is as follows:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Within 1 year	290,112	321,377
1 to 2 years	9,587	5,927
2 to 3 years	3,212	3,407
3 to 4 years	2,354	2,354
4 to 5 years	1,733	1,591
Over 5 years	14It77973e41.14It07	
	321,639	348,733
Less: Allowance for impairment losses	(19,828)	(19,259)
321,811	329,474	

The aged analysis of the trade and bills receivables from third parties of the Group, excluding the retention receivables, that are not individually nor collectively considered to be impaired is as follows:

	As at 30 September	As at 31 December
	2016	2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Neither past due nor impaired*	245,036	297,922
Within 1 year past due	42,262	20,412
1 to 2 years past due	9,108	5,630
2 to 3 years past due	2,890	3,066
3 to 4 years past due	1,648	1,648
4 to 5 years past due	867	796
	301,811	329,474

* The amounts include retention sum for construction contracts which represents retention receivables due

An aged analysis of lease receivables as at 30 September 2016, determined based on the age of the receivables since the effective dates of the relevant lease contracts, is as follows:

	Lease receivables	Unearned finance income	Net lease receivables
	RMB•000 (Unaudited)	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Within 1 year	594,767	(60,362)	534,405
1 to 2 years	307,324	(26,966)	280,358
2 to 3 years	128,541	(8,389)	120,152
3 to 4 years	26,444	(2,790)	23,654
4 to 5 years	18,213	(756)	17,457
	1,075,289	(99,263)	976,026
Less: Non-current portion	(480,522)	38,901	(441,621)
Current portion	594,767	(60,362)	534,405

As 31 December 2015, the breakdown of lease receivables in connection with the provision of financial leasing to its customers by a wide array of assets under finance lease arrangements, such as motor vehicles, machinery and solar equipment financial leasing arrangements, is as follows:

	Motor vehicles	Machinery	Solar equipment	Total
	RMB•000 (Audited)	RMB•000 (Audited)	RMB•000 (Audited)	RMB•000 (Audited)
Lease receivables	50,152	7,434	790,658	848,244
Less: Unearned finance income	(6,436)	(1,409)	(87,470)	(95,315)
At 31 December	43,716	6,025	703,188	752,929

An aged analysis of lease receivables as at 31 December 2015, determined based on the age of the receivables since the effective dates of the relevant lease contracts is as follows:

	Lease receivables	Unearned finance income	Net lease receivables
	RMB•000 (Audited)	RMB•000 (Audited)	RMB•000 (Audited)
Within 1 year	474,028	(61,243)	412,785
1 to 2 years	217,808	(25,471)	192,337
2 to 3 years	145,414	(7,735)	137,679
3 to 4 years	6,257	(678)	5,579
4 to 5 years	4,737	(188)	4,549
	848,244	(95,315)	752,929
Less: Non-current portion	(374,216)	34,072	(340,144)
Current portion	474,028	(61,243)	412,785

Lease receivables are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group•s customers. The maximum exposure to credit risk at each of the end of reporting periods is the carrying value of the receivables mentioned above. The fair value of financial or non-financial assets accepted as collaterals that the Group is permitted to sell or re-pledge in the absence of default is RMB1,238,460,000 (31 December 2015: RMB856,460,000) as at 30 September 2016.

21. AMOUNT DUE FROM GRANTOR

A profile of the amount due from grantor as at the end of the reporting periods, based on the due date, is as follows:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Due within 1 year	34,408	33,090
Non-current portion	627,082	653,216
	661,490	686,306

The credit quality of amount due from grantor that is neither past due nor impaired has been assessed by reference to historical information about counterparty default rate. The existing counterparty did not default in the past.

The Group recognised financial asset „ amount due from grantor in respect of its public infrastructure projects arising from a BOT arrangement. The significant aspects of the service concession arrangement are summarised as follows:

(a) The Group entered into a service concession arrangement with the local government authority (i.e. the grantor) for the Xianyin Road Tunnel construction and operation of which is located in Shanghai, the PRC for a concession period of 25 years. Pursuant to the service concession arrangement, the Group has to design, construct and operate the Xianyin Road Tunnel, and has the obligation to maintain the Xianyin Road Tunnel in good condition. The Group will be paid for its services over the service concession period at prices stipulated through a pricing mechanism. expiry of the concession period, the Xianyin Road Tunnel and the related facilities will be transferred to the grantor at nil consideration.

The service concession arrangement does not contain any renewal options. The standard rights of the grantor to terminate include failure of the Group to construct and operate the Xianyin Road Tunnel and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the arrangement include failure to receive payments for road and tunnel service from the grantor and in the event of a material breach of the terms of the agreement.

(b) The public infrastructure projects with financial receivables amounting to RMB661,490,000 (31 December 2015: RMB686,306,000) as at 30 September 2016 are pledged to secure the loans taken up by the Group (note 26).

Amount due from grantor is in respect of revenue from construction services under BOT arrangement and bears interest at a rate of 5.4% per annum. The amount was not yet due for payment at the end of each of the reporting periods and will be settled by revenue to be generated during the operating periods of the BOT arrangement.

22. DEFERRED TAX ASSETS/(LIABILITIES)

The components and movements in deferred tax liabilities and assets during the nine months ended 30 September 2016 are as follows:

	Impairment of assets	Provision	Fair value changes of available-for-sale financial assets	Others	Total
	RMB•000	RMB•000	RMB•000	RMB•000	RMB•000
At 1 January 2015 (Audited)	307	3,589	(86,502)	(14,613)	(97,219)
Credited/(charged) to profit or loss	92	582	(1)	8,496	9,169
Charged to other comprehensive income	...	...	(12,631)	39	(12,592)
At 31 December 2015 and 1 January 2016 (Audited)	399	4,171	(99,134)	(6,078)	(100,642)
Credited/(charged) to profit or loss	645	(712)	...	2,967	2,900
Charged to other comprehensive income	...	...	24,466	...	24,466
Others	...	...	...	(1,016)	(1,016)
At 30 September 2016 (Unaudited)	1,044	3,459	(74,668)	(4,127)	(74,292)

For the purpose of presentation in the unaudited condensed consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances foryno]TJ -3 -1.3(f)2)

Tax losses unrecognised as deferred tax assets that will expire in:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
2016	4,078	4,078
2017	7,107	7,332
2018	78,911	90,774
2019	12,914	34,129
2020	8,276	8,154
2021	76,868	…
	188,154	144,467

23. LOAN RECEIVABLES

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Loan receivables	222,000	208,200
Less: Allowance for impairment losses	(7,807)	(7,389)
Current portion	214,193	200,811

The Group•s loan receivables, which arise from the micro-credit business of providing loans in the PRC, are denominated in RMB.

Loan receivables are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group•s customers. The maximum exposure to credit risk at each of the end of reporting periods is the carrying value of the receivables mentioned above. The fair value of financial or non-financial assets accepted as collaterals that the Group is permitted to sell or re-pledge in the absence of default is RMB521,523,000 (31 December 2015: RMB316,333,000) as at 30 September 2016.

An aging analysis of loan receivables (that are not considered to be impaired) as at the end of the reporting period, based on the payment due date, is as follows:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Neither past due nor impaired	156,567	155,925
Less than 1 year past due	12,740	44,886
Over 1 year past due	44,886	…
	214,193	200,811

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date, is as follows:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Within 1 year	222,000	208,200
1 to 2 years	...	...
	222,000	208,200

The credit quality of loan receivables that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have defaults in the past.

The below table reconciles the impairment loss of loan receivables:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
At beginning of the period/year	7,389	2,572
Impairment loss recognised	418	4,817
At end of the period/year	7,807	7,389

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Listed equity investments	69,258	104,871
Listed debt investments	1,472	1,462
	70,730	106,333

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Cash and bank balances	2,441,876	1,553,052
Less: Pledged short-term deposits	(158,000)	(3,397)
Cash and cash equivalents	2,283,876	1,549,655

Cash and banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and pledged deposits approximate to their fair values.

As at 30 September 2016, deposits were pledged to secure a bank loan. As at 31 December 2015, pledged deposits represent deposits pledged to banks to secure bank bills facilities granted to the Group.

RMB is not freely convertible into other currencies. However, under the Mainland China•s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

26. BORROWINGS

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Current portion		
Secured bank loans	450,907	135,710
Unsecured bank loans	1,791,824	1,361,999
	2,242,731	1,497,709
Non-current portion		
Secured bank loans	157,000	185,000
Unsecured bank loans	259,334	253,710
	416,334	438,710
Total borrowings	2,659,065	1,936,419
Bank loan interest at rate per annum in the range of	0.93% to 4.90%	0.90% to 5.84%

Total current and non-current bank borrowings were scheduled to repay as follows:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
On demand or within one year	2,242,731	1,497,709
More than one year, but not exceeding two years	347,531	216,981
More than two years, but not exceeding five years	68,803	221,729
	2,659,065	1,936,419

27. CORPORATE BONDS AND SHORT-TERM BONDS PAYABLE

Corporate bonds

As approved by the China Securities Regulatory Commission document [2011] No. 2079, the Company issued domestic corporate bonds with an aggregate principal amount of RMB1.6 billion on 6 January 2012. The bonds mature in six years and bear interest at a benchmark interest rate (based on the National Interbank Funding Center released interest rate) plus an interest margin of 2.95% per annum.

The corporate bonds are stated at amortised cost. Interest is payable once every six months.

The corporate bonds recognised in the unaudited condensed consolidated statement of financial position are calculated as follows:

	As at	
3l57.67cp.9(at)14mb4.88(t)12.6-2.189 -1.375 Tm .0203 T		

28. TRADE AND BILLS PAYABLES

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Trade payables		
… Shanghai Gas Group	1,118,079	814,254
… Third parties	445,784	297,201
	1,563,863	1,111,455

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Within 1 year	1,552,138	1,101,783
1 to 2 years	4,657	971
2 to 3 years	1,659	2,022
Over 3 years		

30. DEFERRED INCOME

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
At beginning of the period/year	1,281,482	1,194,979
Additions	210,221	293,846
Released to profit or loss	(163,203)	(207,343)
At end of the period/year	1,328,500	1,281,482
Analysed into:		
Current	209,950	203,076
Non-current	1,118,550	1,078,406
At end of the period/year	1,328,500	1,281,482

Deferred income represents the fees received from customers in advance in exchange for the connection of gas pipelines to the natural gas pipeline network. These fees are received upfront and revenue is recognised over ten years.

As at 30 September 2016 and 31 December 2015, the deferred income included an amount of RMB139,434,000 which was related to the balance of fees received from customers in advance in exchange for the connection of gas pipelines to the natural gas pipeline network at the time when the 50% equity interests of Shanghai Dazhong Gas Co., Ltd. (•Shanghai Dazhong Gas Ž) was transferred from Shanghai Municipal Assets Management Company to the Company pursuant to a share transfer agreement in 2001. This balance remained unsettled as there was a dispute as to the ownership of such balance and the related interest income of RMB8,944,000 which was accounted for as •other payablesŽ.

31. AMOUNTS DUE TO CUSTOMERS FOR CONTRACT WORK

	As at 30 September 2016	As at 31 December 2015
	RMB•000 (Unaudited)	RMB•000 (Audited)
Contracts in progress at the end of reporting period:		
Contract costs incurred plus recognised profits less recognised losses	280,393	256,272
Progress billings	(817,136)	(692,885)
	(536,743)	(436,613)
Represented by:		
Due to customers included in current liabilities	(536,743)	(436,613)

32. SHARE CAPITAL

	Number of ordinary shares	Authorised shares	Issued and paid shares
		RMB•000	RMB•000
As 1 January 2015	1,644,869,783	1,644,870	1,644,870
Issue of bonus shares of every 10 shares for 5 bonus shares	822,434,892	822,435	822,435
At 31 December 2015, 1 January 2016 and 30 September 2016	2,467,304,675	2,467,305	2,467,305

Pursuant to the special resolution passed at the annual general meeting of the Company on 12 May 2015, issue of bonus shares to all the shareholders of the Company on the basis of five new shares (the "Bonus Shares") for every then existing ten shares of the Company held by the member on the register of members of the Company was approved on 26 May 2015. The Bonus Shares rank pari passu in all respects with the existing shares of the Company. Accordingly, a total number of 822,434,892 Bonus Shares were issued on 27 May 2015.

33. COMMITMENTS

(a) Operating lease commitments

t [illegible]

Except for the prepaid premium for land leases, the Group leases certain of its land and buildings and office premises under operating lease arrangements. Leases for land and buildings and office premises are for terms ranging from 1 to 15 years.

The total future minimum lease payments under non-cancellable operating leases, which the Group is a leasee are as follows:

	As at 30 September 2016	As at 31 December 2015
	₮'MB'000 (Unaudited)	*₮'MB'000 (Audited)*
Within one year	1,634	4,801
In the second to fifth year	2,962	2,909
After the fifth year	6,093	6,664
	10,689	14,374

t [illegible].

As the end of each reporting date, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of the investment properties and equipments are as follows:

	As at 30 September 2016	As at 31 December 2015
	₮'MB'000 (Unaudited)	*₮'MB'000 (Audited)*
Within one year	6,159	5,500
In the second to fifth year	15,916	12,750
After the fifth year	22,125	25,244
	44,200	43,494

(b) Capital commitments

Capital commitments not provided for in the unaudited condensed consolidated financial statements were as follows:

		As at 30 September 2016	As at 31 December 2015
	t	*MB'000*	*MB'000*
		(t)	*(A t)*
In respect of:			
Share transfer agreement	(i)	51,678	99,795
Capital injection in a subsidiary	(ii)	–	221,366
Capital injection in a subsidiary	(iii)	10,000	–

t :

(i) A subsidiary of the Group, namely 上海大眾集團資本股權投資有限公司 ("the Buyer"), engaged in a share transfer agreement with 上海東方傳媒集團有限公司 ("the Seller") on 29 April 2010 to acquire the partial of the shares held by the Seller of 華人文化產業股權投資(上海)中心有限合夥 at the consideration price of RMB250,000,000. According to the condition of the mutual agreement, the full amount should be paid upon the completion of the registration of the transfer of shares. As at 31 December 2015 and 30 September 2016, the Group in aggregate has paid RMB198,322,000 by nine installments and all shareholders have paid according to the equity interest proportion. The remaining balance of RMB51,678,000 will be paid together with other shareholders in accordance with equity interest proportion for further investment needs.

(ii) On 8 August 2014, the Company set up a new company in Shanghai namely Shanghai Dazhong Asset Management Co., Ltd. (上海大眾資產管理有限公司) with registered capital of RMB500,000,000. As at 31 December 2015, the Company has paid, in aggregate, RMB278,634,000 and the remaining amount was fully paid during the nine months ended 30 September 2016.

(iii) On 12 July 2016, the Company set up a new company in Shanghai namely Shanghai Zhongong Information Service Co., Ltd. (上海眾貢信息服務有限公司) with registered capital of RMB10,000,000. As at 30 September 2016, there is no paid-in capital. The remaining amount is committed to pay after year the period ended.

34. BUSINESS ACQUISITION

On 29 June 2016, the Group acquired 100% of the equity interests of Shanghai Dazhong Transportation Commerce Co., Ltd., a company whose principal activity is provision of payment services. The acquisition was made with the aims to expand the Group's business.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	MB'000	*MB'000*
Property, plant and equipment	1,515	
Long-term prepayments	397	
Trade receivables	369	
Prepayments and other receivables	14,215	
Cash and cash equivalents	140,292	
Other current assets	372	
Other current liabilities	(60,358)	
		96,802
Cash consideration paid		(98,114)
Goodwill		1,312
Cash flow:		
Cash payment	98,114	
Cash and cash equivalents acquired	(140,292)	
Net cash inflow arising from acquisition	(42,178)	

The goodwill of RMB1,312,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

Since the acquisition date, Shanghai Dazhong Transportation Commerce has not yet recorded any revenue and profit before income tax expense. If the acquisition had occurred on 1 January 2016, Group's revenue and profit before income tax expense for the nine months ended 30 September 2016 would have been RMB3,458,831,000 and RMB561,105,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future performance.

The acquisition-related costs were not material, and have been expensed and are included in administrative expenses.

35. RELATED PARTY TRANSACTIONS

During the nine months ended 30 September 2016, the Group entered into the following significant transactions with its related parties as follows:

	Nine months ended 30 September	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
[illegible]		
Purchase of piped gas	1,906,040	1,814,752
Rental expenses	4,500	4,245
Gas hotline service expenses	–	2,850
[illegible]		
Interest income	3,620	3,620
Rental expenses	2,577	3,402
[illegible]		
Interest expense	8,374	11,757

The above transactions were conducted in the normal course of the Group's business and were determined based on mutually agreed prices and terms with reference to the market price at the time of the transaction.

Key management remuneration

The Group considered the directors, supervisors and others as key management.

	Nine months ended 30 September	
	2016	2015
	RMB•000 (Unaudited)	RMB•000 (Unaudited)
Basic salaries and other benefits	15,784	10,489
Pension scheme contributions	918	651
Total compensation paid to key management personnel	16,702	11,140

As the end of each reporting date, apart from the disclosures already made in investments in associates, trade and bills payable and other payables in notes 17, 28 and 29 respectively, the balances with its related parties are listed as follows:

		As at 30 September	As at 31 December
		2016	2015
		RMB•000 (Unaudited)	RMB•000 (Audited)
Other receivables			
Shanghai Xuhui Onlly Micro-credit	(i)	102	…
Shanghai Gas Group	(ii)	2,798	2,798
Shenzhen Capital Group	(iii)	4,089	469
Other payables			
Dazhong Building	(iv)	…	307

(i) Xuhui Onlly Micro-credit is an associate of the Group.

(ii) Shanghai Gas Group is another major shareholder of the Company and also a shareholder of Shanghai Dazhong Gas.

(iii) Shenzhen Capital Group is an associate of the Group.

(iv) Shanghai Dazhong Building Co., Ltd. (•Dazhong Building Ž) is a subsidiary of an associate of the Group, namely Dazhong Transportation Group.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

(c) Fair value and fair value hierarchy of financial instruments of the Group

	Fair value measurement using Quoted prices in active markets (Level 1)	
	As at 30 September	As at 31 December
	2016	2015
	RMB•000	RMB•000
Available-for-sale listed investments	466,969	522,423
Equity and debt investments at fair value through profit or loss	70,730	106,333

37. LITIGATION

In 2009, Shanghai Dazhong Gas, one of the Company•s subsidiaries, announced its intention to sell its 49% equity interests in Nanchang Gas Co., Ltd. (•Nanchang Gas Ž). On 8 December 2009, a sales and purchase agreement was signed with China Resources Gas (Group) Co., Ltd. (•China Resources Gas Ž) (6 — ÷ («) Þ " ® !) to sell the 49% equity interests in Nanchang Gas to China Resources Gas for a consideration of RMB698,000,000. The changes in registration was completed on 24 March 2011 and on 29 June 2011, Shanghai Dazhong Gas has received HKD792,980,000 consideration price from China Resources Gas.

Upon completion of the transfer, Shanghai Dazhong Gas requested China Resources Gas Limited to compensate its loss in exchange difference and on share of profit from Shanghai Dazhong Gas due to the delay in actual payment in Hong Kong dollar and delay on the completion of changes in registration. On 28 April 2013, the Shanghai Arbitration Commission concluded that China Resources Gas needed to pay HKD77,745,100 (equivalent to RMB61,372,000) to Shanghai Dazhong Gas as compensation. This compensation income was included in other revenue of Shanghai Dazhong Gas for the year ended 31 December 2013.

On 5 November 2013, China Resources Gas applied to the Shanghai Court for a compensation claim due to the delay of transfer of shares and the operation license. On 1 July 2015, both parties agreed to resolve the issue by settlement and signed a settlement agreement. Shanghai Dazhong Gas agreed to pay RMB80,000,000 to China Resources Gas to settle the dispute. The amount was settled on 1 July 2015. This compensation loss was included in administrative expenses of Shanghai Dazhong Gas for the nine months ended 30 September 2015.

The information set forth in this appendix does not form part of the Accountant•s Report as set forth in Appendix IA and the Unaudited Interim Financial Information as set forth in Appendix IB to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed •Financial InformationŽ in this prospectus, the •Accountant•s ReportŽ set forth in Appendix IA and •Unaudited Interim Financial InformationŽ set forth in Appendix IB to this prospectus.

The unaudited pro forma financial information prepared in accordance with paragraph 29 of chapter 4 of the Listing Rules is set forth below to provide the prospective investors with further information on how the Global Offering might have affected the consolidated net tangible assets of the Group attributable to the owners of the Company after the completion of the Global Offering.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Global Offering had taken place on 30 September 2016. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated financial position of the Group attributable to the owners of the Company had the Global Offering been completed on 30 September 2016 or at any future dates.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets as at 30 September 2016	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share
	RMB•000 (Note 1)	RMB•000 (Note 2)	RMB•000	RMB (Note 3)	HK$ (Note 5)
Based on the Offer Price of HK$4.25 per Share	5,448,355	1,494,712	6,943,067	2.39	2.75
Based on the Offer Price of HK$3.35 per Share	5,448,355	1,166,639	6,714,994	2.28	2.62

Notes:

(1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at

(B) INDEPENDENT REPORTING ACCOUNTANT•S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the independent reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.

Our Independence and Quality Control

A reasonable assurance engagement to report on whether the Unaudited Pro Forma

The following is a summary of certain PRC and Hong Kong tax consequences to investors relating to their purchases of the H Shares under the Global Offering and their holding the H

TAXATION OF JOINT STOCK LIMITED COMPANIES

(i) Enterprise Income Tax

On March 16, 2007, Enterprise Income Tax Law of the PRC (• 6 [O • q 7 † 8 Ô { ü ,) (•Enterprise Income Tax Law Ž) was approved and promulgated on the Fifth session of the Tenth National People•s Congress. The Enterprise Income Tax Law has taken effect since

taxpayers selling or importing goods other than the above-mentioned items, and on taxpayers providing processing, repair or replacement services.

The PRC government is in the process of implementing value-added tax reform, pursuant to which certain industries will gradually transit from the business tax regime to the value-added tax regime. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Tax Policies for Implementing across the Country the Pilot

H [Ô { ü D M * Z Y ·])(the •New Tax Notice Ž). Pursuant to the New Tax Notice, dividends received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued shares in Hong Kong are subject to individual income tax, which shall be withheld and paid by such domestic non-foreign invested enterprises acting as a withholding agent according to the relevant laws. Overseas resident individual shareholders of domestic non-foreign invested enterprises which have issued shares in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries in which

impose tax on dividends paid to a Hong Kong resident (including a natural person and legal entity) by a PRC company, but such tax generally does not exceed 10% of the total amount of the dividends payable. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company, such tax generally does not exceed 5% of the total amount of dividends payable by that PRC company.

Pursuant to the Enterprise Income Tax Law of the People•s Republic of China (• 6 [O • q 7 † 8 Ô { ü ,) effective from January 1, 2008 (the •New Enterprise Income Tax LawŽ) and the Regulations on the Implementation of the Enterprise Income Tax Law of the

such equity shall be deemed as income arising from the equity transfer. In computing its income arising from the equity transfer, an enterprise should not deduct the amount of retained earnings (unallocated profit) of the investee that might be attributable to the equity transferred.

(iii) Estate Duty or Inheritance Tax

No estate duty or inheritance tax is levied in the PRC at present.

(iv) Stamp Duty

Pursuant to the terms of the Provisional Regulations of the People•s Republic of China on Stamp Duty (• • 6 [O • q 7 ™ € ü r â 7 ‘), the applicable PRC stamp tax on the transfers of shares of PRC public companies shall not apply to the trading in H-shares carried out outside the PRC. The Provisional Regulations provide that PRC stamp tax shall be only levied on all the types of documents executed or received and legally bound within the PRC as well as protected under the PRC laws.

(v) Tax Policies for Shanghai-Hong Kong Stock Connect

On November 10, 2014, the CSRC and the Securities and Futures Commission granted their approvals to Shanghai Stock Exchange, The Hong Kong Stock Exchange, China Securities Depository and Clearing Company Limited, Hong Kong Securities Clearing Company Limited for formal launch of the Shanghai-Hong Kong Stock Connect pilot program. Trading in shares under the Shanghai-Hong Kong Stock Connect kicked off formally on November 17, 2014.

Pursuant to the Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Program (ë õ ¥ · p C 9 t ø • L • · Ú S Ã Þ ë ü × A Y ·]) (hereinafter as •Tax Policies for Shanghai-Hong Kong Stock Connect Ž):

€ From November 17, 2014 to November 16, 2017, gains on transfer of shares derived by mainland individual investors through investment into shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are temporarily exempt from individual income tax. Gains on price difference derived by mainland individual investors through trading in shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are exempt from business tax levying pursuant to current policies. Dividends derived by mainland individual investors through investment into H shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are subject to 20% of withholding income tax by H shares companies. Individual investors who have paid withholding taxes overseas, with effective taxation certificates, can apply to competent taxation authorities under the China Securities Depository and Clearing Company Limited for tax credit. Dividends derived by mainland securities investment funds through

investment into shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are subject to individual income tax pursuant to provisions above.

€ Pursuant to the Tax Policies for Shanghai-Hong Kong Stock Connect, gains on transfer of shares derived by mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws. Gains on price difference derived by mainland corporate investors through trading in shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are exempt from business tax pursuant to current policies. Dividends derived by mainland corporate investors through investment into shares listed into the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws. Among them, dividends derived by mainland resident enterprises for edi(ed)-H1(i(ed)-9.9(es)-370.1(l(ed)-up1(l(ed)-(o)-338(the(e mainland r88TJ (esident)-359.6(e88TJ .9(er)-29.8(pr)-14.7(ises)-359.6)-364,6(e88TJ -47(e)-338(c)0

- allowance of domestic companies to repurchase, or domestic shareholders to repatriate, transfer freely and settle the foreign exchange balance after they remit funds out of the PRC they repurchase their domestic shares or after the domestic shareholders increase their holding of the domestic shares of the domestic companies in accordance with the relevant regulations.

SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS

This appendix contains a summary of laws and regulations on companies and securities in China, certain major differences between the PRC Company Law and the Companies Ordinance as well as the additional regulatory provisions of the Hong Kong Stock Exchange on joint stock limited companies of China. The principal objective of this summary is to provide an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please refer to "Regulations Overview".

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate rules, autonomy regulations, departmental rules of the State Council, rules of local governments and international treaties of which the PRC government is a signatory. Court judgments may be used for judicial reference and guidance but do not constitute legally binding precedents.

According to the Constitution and the Legislation Law of the PRC, the National People's Congress of the PRC (the "NPC") and the Standing Committee of the NPC are empowered to exercise the legislative power of the PRC. The NPC has the power to enact and amend the laws governing civil and criminal matters, state organs and other aspects. The Standing Committee of the NPC is empowered to enact and amend laws other than those required to be enacted by the NPC, and may supplement and amend the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments shall not be in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities directly under the control of the central government and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene and provision of the Constitution, laws and administrative regulations.

The ministries, commissions, the PBOC, NAO of the State Council, and the institutions of all businesses with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and administrative regulations, decisions and rulings of the State Council.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of

such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at and below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governmentsscments' s19.9(oa(scments)c)50(')5s 19.9(ger)-419.567.6(ss)
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procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law of the PRC. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of the Civil Procedure Law of the PRC regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law. There are time limits of two years imposed on the right to apply for such enforcement.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

The PRC Company Law, Special Regulations and Mandatory Provisions

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in China:

- the Company Law of the People's Republic of China (the "PRC Company Law"), which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised as of December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively and the latest revision of which was implemented on March 1, 2014;

- the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the "Special Regulations"), which was promulgated by the State Council on August 4, 1994 and was applicable, to the overseas share offering and listing of joint stock limited companies; and

- the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" (the "Mandatory Provisions"), which was jointly promulgated by the former Securities Committee of the State Council and the State Economic Restructuring Commission on August 27, 1994, and stated the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in Appendix V of this prospectus.

Set out below is a summary of the provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A SOE that is reorganized into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company's assets and liabilities and the establishment of internal management organizations.

A company must conduct its business in accordance with law and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC Government may be restructured into joint stock limited companies which

may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

For company established by promotion, the registered capital is the total capital registered under the relevant companies registration authorities and being subscribed for by the promoters. Shares in the company shall not be offered to other persons unless the share capital subscribed for by the promoters has been paid up. For company established by subscription, the registered capital is the amount of its total paid-up capital as registered with the relevant companies registration authorities.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing 50% of the shares in the Company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited

financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and
- it shall apply to the relevant Industry and Commerce Administration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; and (v) other purposes permitted by laws and administrative regulations.

The purchase of shares on the grounds set out in (i) to (iii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within ten days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above. Shares acquired in accordance with (iii) above shall not exceed 5% of the total number of the company's issued shares. Such acquisition shall be financed by funds appropriated from the company's profit after taxation, and the shares so acquired shall be transferred to the company's employees within one year.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholders' general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholders' general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares owned by promoters shall not be transferred within one year from the date of incorporation of the company and shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and senior management shall declare to the company that their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;

- the right to bring an action in the people's court to rescind resolutions passed by shareholders' general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;

- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the board of directors;

- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposed annual financial budget and final accounts;

- to examine and approve the company's proposals for profit distribution plans and losses recovery plans;

- to decide on any increase or reduction of the company's registered capital;

- to decide on the issue of bonds by the company;

- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;

- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

to the meeting, and the matters to be considered and time and venue of the meeting shall be specified. The written reply of shareholders planning to attend the meeting shall be delivered to the company 20 days in advance of the meeting.

A shareholder may entrust a proxy to attend a general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholders' general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one-half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Special Regulations, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the Special Regulations, where the company convenes shareholders' annual general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholders' general meeting shall be placed in the agenda of the meeting.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to votes equivalent to the number of director or supervisor to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-third of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters

considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed by shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change invision, dissol553.4(r)19(d) 0gi

- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;

- to formulate the company's basic management system; and

- to exercise other powers under the articles of association of the company.

Meetings of the board of directors

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors. Each director shall have one vote on the resolutions at the Board meeting. Directors shall attend board meetings in. directoe
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the Supervisory Committee is incapable of performing or not performing his duties, the vice chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. In the event that the vice chairman of the Supervisory Committee is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the Supervisory Committee.

Each term of office of a supervisor is three years and he or she may serve consecutive terms upon re-election. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The Supervisory Committee exercises the following powers:

- to review the company's financial position;
- to supervize the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolution;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of shareholders' extraordinary general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under the PRC Company Law;
- to make proposals at shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The Supervisory Committee may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accountant to assist in their work at the company's expense.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to supervisors of the company.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to be in charge of the company's business and management activities and organize for the implementation of resolutions of the board of directors;
- to organize the implementation of the company's annual business plans and investment schemes;
- to draft plans for the establishment of the Company's internal management structure;
- to formulate the basic management system of the company;
- to formulate specific rules and regulations of the company;
- to recommend the appointment and dismissal of deputy managers and financial officers;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismiss5ntodismf.s9(or)-31.dismf.ss5ntmanagement dirors;

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Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have the fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriating of company funds;
- depositing company funds into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or the board of directors;
- entering into contracts or transactions with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

Pursuant to the PRC Company Law, a joint stock limited company shall make its financial statements available at the company for inspection by the shareholders at least 20 days before

meeting or the board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it engages without any refusal, withholding and misrepresentation.

The Special Provisions provide that a company shall employ an independent accounting firm complying with the relevant regulations to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

Pursuant to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory reserve fund is drawn. The Special Provisions provide that the dividends and other distributions to be paid to holders of overseas listed foreign invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed foreign invested shares.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked, or the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to company registration authorities in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his willful or material default.

Overseas Listing

Pursuant to the Special Provisions, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issues within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a share certificate in registered form is lost, stolen or destroyed, the respective shareholder may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to a people's court for a declaration that such certificate will no longer be valid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed foreign invested share certificates is provided for in the Mandatory Provisions.

Securities Laws and Regulations

The PRC has promulgated a number of regulations that relate to issuance and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory and execution

arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations on Issuance and Trading of Shares (股票發行與交易管理暫行條例). These regulations deal with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settlement, clearing and transfer of listed equity securities, the disclosure of information, investigation and penalties with respect to a listed company and dispute settlement. Pursuant to these regulations, a company must obtain the approval of the Securities Committee to offer its shares outside the PRC. In addition, if a company proposes to issue Renminbi denominated ordinary shares as well as special Renminbi-denominated shares, it must comply with the Provisional Regulations on Issuance and Trading of Shares. Provisions of these regulations in relation to acquisitions of listed companies and disclosure of information expressly apply to listed companies in general without being confined to listed companies on any particular stock exchange.

The Securities Law took effect on July 1, 1999 and was revised for the first time as of August 28, 2004, for the second time on October 27, 2005 and for the third time on August 31, 2014. This is the first national securities law in the PRC governing, among other things, issuance and trading of securities, takeovers of listed companies, securities exchanges, and the duties of the securities regulatory authorities under the State Council. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that enterprises in the PRC which intend to directly or indirectly issue securities outside the PRC or to list their securities outside the PRC must obtain prior approval from the securities regulatory authorities under the State Council. Article 239 of the Securities Law provides that specific measures in respect of shares of companies in the PRC that are to be subscribed for and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issuance and trading of foreign issued shares (including H Shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC. The Securities Law also regulates short swing trading conducted by a director, supervisor, executive or a shareholder of a listed company in China in the PRC securities market. Article 47 of the Securities Law provides that the gains made by a director, supervisor, executive or a

Where the board of directors of the company fails to perform the duties within the aforesaid period, the shareholders shall have the right to file a lawsuit directly in their own name with a People's court to protect the interests of the company. Where the board of directors of the company fails to perform the duties in accordance with the provisions of the preceding sentence, the directors who are accountable shall bear joint liability in accordance with the provisions of the law. Article 195 of the Securities Law provides that directors, supervisors, senior management personnel of a listed company and shareholders holding 5% or more of the shares of a listed company who buy and sell the company's shares in violation of the provisions of Article 47 shall be issued a warning and may be subject to a fine ranging from RMB30,000 to RMB100,000.

Arbitration and Enforcement of Arbitral Awards

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer and, in the case of the Hong Kong Listing Rules, also in contracts between the issuer and each of its directors and supervisors, to the effect that any disputes or claims arising (i) between holders of overseas listed foreign invested share and the issuer, (ii) between holders of overseas listed foreign invested share and the issuer's directors, supervisors, manager or other senior management, and (iii) between holders of overseas listed foreign invested share and holders of domestic shares may be referred to arbitration for resolution. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, as the company or its shareholders, directors, supervisors, managers or other senior management, shall comply with

disputes involving Hong Kong based on the agreement of the parties. CIETAC is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin, Chongqing and Hong Kong.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce on the principle of reciprocity the foreign arbitral awards that are made within the territory of another party to the New York Convention; and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

On June 18, 1999, an arrangement was reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. The Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between

of a change in overseas investment after being approved or filed, the enterprise shall complete the procedures for the change with the authority by which the investment was approved or filed.

Pursuant to the Administrative Measures on Approval and Filing of Overseas Investment

the voting rights at least 20 days before the proposed date of the meeting, or if that 50% level is not achieved, we must within five days notify our shareholders by way of a public announcement and we may hold the shareholders' general meeting thereafter.

SHAREHOLDER MEETINGS — VOTING

Under Hong Kong law, an ordinary resolution is passed by a simple majority of affirmative votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our shareholders present in person or by proxy at a

domestic listed shares to foreign investors upon receiving the approval of the State Council Securities regulatory authority and other approving authority (if applicable) and then listing and transacting in the overseas stock exchange.

DERIVATIVE ACTION BY MINORITY SHAREHOLDERS

Hong Kong law permits minority shareholders to start a derivative action on behalf of the company against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing the company from suing the directors in breach of their duties in its own name.

Although the PRC Company Law gives our Shareholders the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by our shareholders in a general meeting, or by the Board of Directors, that violates any law, administrative rules or Articles of Association or if the Directors or management personnel violate laws, administrative rules or articles of association when performing their duties and cause losses to the company, there is no form of proceedings equal to a derivative action. The Mandatory Provisions, however, provide us with certain remedies against the Directors, Supervisors and officers who breach their duties to us. In addition, as a condition to the listing of our H shares on the Hong Kong Stock Exchange and in accordance with our Articles of Association, each of our Directors and Supervisors is required to give an undertaking in favors of us acting as agent for each of our Shareholders. This allows minority shareholders to act against our Directors and Supervisors in default.

MINORITY SHAREHOLDER PROTECTION

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The Company, as required by the Mandatory Provisions, has adopted in its Articles of Association minority protection provisions similar to (though not as comprehensive as) those available under the Hong Kong law. These provisions state that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of other shareholders, may not relieve a director or supervisor of his duty to act honestly in our best interests or may not approve the expropriation by a director or supervisor of our assets or the individual rights of other shareholders.

ARBITRATION OF DISPUTES

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior officers may be resolved through the courts. The Mandatory Provisions and our Articles of Association provide that disputes between a holder of H shares and the Company and its directors, supervisors, managers or other members of senior management or a holder of domestic listed shares, arising from the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations which concerns the affairs of the Company should, with certain exceptions, be referred to arbitration at either the Hong Kong International Arbitration Center ("HKIAC") or the China International Economic and Trade Arbitration Commission. Such arbitration is final and conclusive.

The Securities Arbitration Rules of the HKIAC contain provisions allowing, upon application by any party, an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party or any of its witnesses or any arbitrator, is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any

- Connected transactions

The definition of a connected person under the Hong Kong Listing Rules and the definition of a related party under the Shanghai Stock Exchange Listing Rules are different. In addition, the disclosure and shareholder approval requirements for connected transactions under the Hong Kong Listing Rules and for related party transactions under the Shanghai Stock Exchange Listing Rules, as well as the respective exemptions are different.

- Disclosure of inside information

The scope, timing and method of disclosure of inside information are different between Hong Kong Listing Rules and Shanghai Stock Exchange Listing Rules.

This Appendix sets out a summary of the principal provisions of the Articles of Association of the Company, which was adopted by our shareholders in the shareholders' general meeting held on July 28, 2015 and will become effective upon the listing date of the H shares on the Hong Kong Stock Exchange. This Appendix mainly aims to provide an overview of the Articles of Association for potential investors. As it is a summary, it may not contain all the information important to the potential investors.

DIRECTORS AND THE BOARD

Power to allocate and issue shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare issue proposal for share allotment or issue, which are subject to approval by the shareholders at the shareholders' general meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws and administrative regulations.

Power to dispose of assets of the Company or our subsidiaries

The Directors may decide on matters including external investment, acquisitions and disposals of assets, pledge of assets, external guarantees, entrusted wealth management and connected transactions within the scope of authorization by the shareholders' general meeting.

Indemnification or compensation for loss of office

As provided in the contract entered into between the Company and the Directors or Supervisors in connection with their emoluments, they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of the Company, subject to the approval of the shareholders and supervisors at the shareholders' general meeting in advance.

Acquisition of the Company refers to any of the following circumstances:

(i) an offer made from any person to all the shareholders; or

(ii) an offer is made by any person such that the offeror will become the Controlling Shareholder of the Company (as defined in the Articles of Association).

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person in a proportional manner and all related expenses shall not be deducted from these payments distributed.

The following transactions are not prohibited:

(i) financial aid provided by the Company which is in good faith in our interest and the main purpose of the financial aid is not to acquire our shares or is an incidental part of a master plan of the Company;

(ii) lawful distribution of our properties by way of dividend;

(iii) distribution of dividends in the form of shares;

(iv) reduction of the registered capital, repurchase of the shares or adjustment of the equity structure pursuant to the Articles of Association;

(v) the Company grants loans within our scope of business and in the ordinary course of our business, provided that such loans shall not result in reduction in the net assets of the Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution; and

(vi) the Company provides the employee stock ownership plan with fund, provided that such loans shall not result in reduction in the net assets of the Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution.

For the purpose of the above provisions,

(1) financial aid includes, but is not limited to:

  (i) gifts;

  (ii) guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (other than compensation in respect of the Company's own default), release or waiver of rights;

  (iii) provision of loans or entering into agreements under which the Company needs to perform its obligations ahead of the other contracting parties, or a change in the parties to, or the assignment of rights arising under, such loans or agreements; and

  (iv) financial aid provided by the Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

(2) assumption of obligations includes assuming obligations by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

Disclosure of interests in contracts with the Company or any of Our Subsidiaries and voting events regarding the contracts

When any of the Directors, Supervisors, managers and other senior management has material interests in the contracts, transactions or arrangements that the Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts that the Company has entered into with the Directors, Supervisors, managers and other senior management), the persons shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether the above matters are subject to the approval of the Board of Directors in normal circumstances.

Except as provided in Note 1 to Appendix III of the Hong Kong Listing Rules or exceptions permitted by the Hong Kong Stock Exchange, a Director shall not be entitled to vote on nor shall be counted in the quorum present at that meeting in relation to any resolution of the Board in respect of any contract or arrangement or any other relevant proposals in which he or any of his associates as defined in the Hong Kong Listing Rules has any material interest.

Unless the Directors, Supervisors, managers and other senior management who have interests have made disclosure to the Board of Directors in accordance with the above requirements and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, the Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors, managers and other senior management violating their obligations.

Where connected persons or associates of the Directors, Supervisors, managers and other senior management have interests in certain contracts, transactions and arrangements, the related Directors, Supervisors, managers and other senior management shall be deemed to have interests.

In the event that, prior to the Company's initial consideration of such contracts, transactions, or arrangements, Directors, Supervisors, managers and other senior management of the Company have delivered a written notice to the Board, stating his interests in such future contracts, transactions, or arrangements, the Directors, Supervisors, managers and other senior management of the Company shall be deemed to have made the disclosure as provided in the Articles of Association with respect to the statement(s) contained in the notice.

Remuneration

The Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the shareholders' general meeting, including:

(i) remuneration for providing services as the Directors, Supervisors or senior management of the Company;

(ii) remuneration for providing services as the Directors, Supervisors or senior management of our subsidiaries;

(iii) remuneration for providing other services for management of the Company and our subsidiaries; and

Prior to the maturity of his term, a Director shall not be removed without sake from his office by the General Meeting. Subject to compliance with related laws and administrative regulations, the General Meeting may remove any Director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

Duties

The controlling directors and actual controllers shall bear the obligations of good faith and diligence towards the Company and public shareholders.

In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which our shares are listed, Directors, Supervisors, managers and other senior management in the exercise of their powers owe the following obligations to each shareholder:

(i) not to cause the Company to go beyond the business scope specified by its business license;

(ii) to act honestly in what they consider to be the best interest of the Company;

(iii) not to deprive in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company;

(iv) not to deprive shareholders of their personal interests, including (but not limited to)

(iv) treating shareholders of the same class equally and shareholders of different classes fairly;

(v) entering into any contract, transaction or arrangement with the Company is not allowed, unless in line with the Articles of Association or otherwise by the approval of the shareholders' general meeting with its full knowledge;

(vi) seeking private interests using the properties of the Company in any manner is not allowed, unless agreed by the shareholders' general meeting with its full knowledge;

(vii) using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to the Company;

(viii) accepting commissions associated with transactions of the Company is not allowed unless agreed by the shareholders' general meeting with its full knowledge;

(ix) compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of the Company rather than seeking private gain by taking advantage of one's position and authority in the Company;

(x) competing with the Company in any manner is not allowed, unless agreed by the shareholders at the shareholders' general meeting with its full knowledge;

(xi) misappropriation of our funds or lending these funds to others is not allowed, nor is depositing the assets of the Company in an account opened in one's own name or other names, nor is using the assets of the Company to provide guarantees for the debts of the shareholders or other individuals;

(xii) disclosure of any confid288ial information relating to the Company obtained during employment without the consent of the shareholders' general meeting with its full knowledge; unless in the interest of the Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by (a) the provisions of the law; (b) the public interest; (c) the interest of the Directors, Supervisors, managers or other senior management.

The Directors, Supervisors, managers and other senior management may not direct the following personnel or institutions ("related parties") to do acts that the Directors, Supervisors, managers and other senior management is prohibited from doing:

(i) spouses or minor children of the Directors, Supervisors, managers and other senior management of the Company;

(ii) trustees of the directors, supervisors, managers and other senior management or the persons mentioned in (i);

(iii) partners of the directors, supervisors, managers and other senior management or persons mentioned in (i) and (ii);

(iv) a company in which that any of the Directors, Supervisors, managers or other senior management, alone or jointly with one or more persons referred to (i), (ii) and (iii) and other Directors, Supervisors, managers or other senior management; a company in which that Director, Supervisor, manager or other senior management, alone or jointly with one or more persons referred to in (i), (ii) or (iii) above or other Directors, Supervisors, managers or other senior management has a de facto controlling interest; and

(v) directors, supervisor, manager or other senior management of the controlled companies mentioned in (iv).

The fiduciary duties owed by the Directors, Supervisors, managers and other senior management may not necessarily terminate with the expiration of their terms; their obligations to keep the trade secrets of the Company in confidence shall survive the expiration of their terms. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with the Company is terminated.

In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, manager or other senior management is in breach of his or her obligations to the Company:

(i) to claim against such a Director, Supervisor, manager or other senior management for losses incurred by the Company as a result of his or her breach;

(ii) to rescind any contract or transaction entered into between the Company and the Director, Supervisor or senior management and a third party where such third party has knowledge or should have had knowledge of the breach of duty;

(iii) to account for the profits surrendered by the Director, Supervisor, manager or other senior management as a result of his or her breach;

(iv) to recover any monies received by the Director, Supervisor, manager or other senior management which should have been received by the Company, including but without limitation to commissions;

(v) to demand the return of the interest earned or which may have been earned on any monies by the Director, Supervisor, manager or other senior management which should have been received by the Company.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall make amendments to these Articles of Association upon occurrence of any of the following events: (i) the Company Law or the relevant laws or regulations are amended and the provisions under these Articles of Association are contradictory to those under the amended laws or regulations; (ii) any change of the Company's conditions is contradictory to what is stated in these Articles of Association; (iii) the general meeting has decided to make amendments to these Articles of Association.

Amendments to the Articles of Association passed by resolutions at the general meeting, which require examination and approval by the competent authorities, shall be submitted to the competent authorities for approval. Any amendment to the Articles of Association that involves Mandatory Provisions shall be approved by company approval authorities authorized by the State Council and the securities regulatory authority under the State Council (if applicable) before taking effect. Where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations and shall be complied with the requirement of Hong Kong Listing Rules.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

In addition to holders of other class shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.

The Company may not vary or abrogate rights attached to any class of shares unless approved by a special resolution of shareholders at a shareholders' general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the provisions of the Articles of Association.

The following circumstances should be deemed to be change or abrogation of the Class Rights of a class:

(i) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of class having voting or equity rights or privileges equal or superior to those of the shares of such class;

(ii) to effect an conversion of all or part of the shares of such class into shares of another class or to effect an conversion or create a right of conversion of all or part of the

When convening a class meeting, 45 days before the meeting is convened, the Company shall send a written notice to inform all registered holders of the class shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send the Company a written reply concerning attendance at the meeting 20 days before the meeting. In the event that the number of shares with voting power represented by shareholders planning to attend the meeting accounts for more than one half of the total number of class shares with voting power at the meeting, the Company may convene a class meeting. If this number is not reached, the Company shall again inform the shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and the Company may convene a class meeting once the announcement is delivered.

The notice of the class meeting needs only to be sent to the shareholders who have the right to vote at the meeting.

Insofar as possible, any class meeting shall be held in accordance with the same procedures as those of the shareholders' general meeting, and any clause that relates to the procedures for convening the shareholders' general meeting in the Articles of Association shall apply to any class meeting.

Apart from the holders of other class shares, the holders of domestic shares and the holders of overseas listed foreign shares are considered as shareholders of different classes. The special procedures for voting by class shareholders shall not apply in the following circumstances:

(i) where the Company issues, upon the approval by a special resolution of its shareholders in a general meeting, either separately or concurrently once every 12 months interval, not more than 20% of each of its existing issued domestic shares and overseas listed foreign shares;

(ii) where the Company's plan to issue domestic shares and overseas listed Foreign Shares at the time of its establishment is carried out within 15 months from the date of approval of the Securities Authority of the State Council;

(iii) where upon the approval from the securities authority of the State Council and other approval authorities (including but not limited to Securities and Futures Commission and Hong Kong Stock Exchange, if applicable), the domestic shares of the Company may be converted into foreign shares, and such shares may be listed and traded in an overseas stock exchange.

For the purposes of the Class Rights provisions of the Articles of Association, the meaning of “interested shareholder(s)” is:

(i) in the case of a repurchase of shares by offers to all shareholders or public dealing on a stock exchange in the same proportion, a “controlling shareholder” within the meaning of the Articles of Association;

(ii) in the case of a repurchase of shares by an off-market contract, a holder of the shares to which the proposed contract relates; and

(iii) in the case of a reorganization of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed

Where any Shareholder is, under the listing rules of the place where overseas-listed foreign-invested shares are listed, required to abstain from voting on any particular matter being considered and approved, the votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

SHAREHOLDERS' GENERAL MEETINGS

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous financial year.

ACCOUNTING AND AUDITING

The preparation of financial reports

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements stipulated by the relevant authorities of the PRC.

The Board of Directors shall submit the financial reports of the Company, as required by the laws, administrative regulations or directives promulgated by local governments and competent authorities to be prepared by the Company, at every annual shareholders' meeting.

Apart from the Chinese accounting standards and regulations, the financial reports of the Company shall also conform to international accounting standards and the accounting standards of overseas areas where the shares are listed. In the event of any major discrepancy between the financial reports prepared in accordance with the two accounting standards, such difference must be provided in the notes to the financial reports. As to the distribution of after-tax profits of the Company in a fiscal year, the after-tax profits indicated on the two financial reports, whichever is lower, shall prevail.

The Company shall make its financial reports available for inspection by the shareholders 20 days before the annual shareholders' general meeting is convened.

Each Shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter. Unless otherwise required by the Articles of Association, the Company shall send the aforesaid reports or Directors' Report along with the balance sheet (including each document to be appended to the balance sheet as required by applicable regulations) and the income statement or the statement of income and expenditure to each of the holders of overseas listed Foreign Shares by delivery or postage-paid mail or by the manner as permitted by the stock exchange of the listed shares of the Company at least 21 days before the annual shareholders' general meeting is convened and the recipient's address shall be the address as shown in the register of shareholders.

The Company's interim results or financial information published or disclosed by the Company shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas area in which the shares are listed.

The Company shall publish two financial reports in each fiscal year, meaning that the interim reports shall be published within 60 days after the first six months of the fiscal year and the annual reports shall be published within 120 days after the expiration of the fiscal year.

Appointment of accountants

The Company shall engage an independent accounting firm, which has obtained "qualification of engagement in securities related businesses" to audit the Company's annual financial reports and accounting statements, verify the net asset, audit other financial reports of the Company and provide other relation consultation services, with one year term of appointment and subject to reappointment.

The shareholders may replace the accounting firm through an ordinary resolution at the shareholders' general meeting prior to the expiration of the term of any accounting firm notwithstanding the terms and conditions of the contract howsoever entered into between the Company and the accounting firm. Any right of the accounting firm to claim compensation against the Company for the termination of office shall not be affected by such termination.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided on by the shareholders at the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be confirmed by the Board of Directors.

The Company's appointment, removal or non-reappointment of an accounting firm shall be resoler andfy feholderst faInd21.59shalliled21.59shah fitiesregulation.9(or)19..8(y)-417.9(af)3eralof Dir BoaS

In the event that the resignation notice of the accounting firm includes any statement that shall be explained, the accounting firm may request the Board of Directors to convene an extraordinary general meeting to hear its explanations regarding the resignation.

NOTIFICATION AND AGENDA OF SHAREHOLDERS GENERAL MEETINGS

The shareholders' general meeting is the authorized organ of the Company that can perform duties and exercise powers in accordance with the law. In addition to the situation that the Company is in crisis or other special circumstances, the Company shall not enter into any contract with any person other than a Director, Supervisor, manager or other senior management personnel of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of Shareholders in a general meeting.

The shareholders' general meeting shall be convened annually within six months after the end of last fiscal year. Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months after the date of the incident:

(i) the number of Directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;

(ii) the uncovered losses of the Company reach one-third of its total paid-in share capital;

(iii) the shareholders with 10% or more voting power separately or jointly request to convene an extraordinary general meeting in writing;

(iv) the Board of Directors considers it necessary;

(v) the Supervisory Committee proposes convening an extraordinary meeting;

(vi) any other circumstances stipulated in laws, administrative regulations, regulations of

(vii) containing an explicit statement that shareholders entitled to attend and vote shall have the right to appoint one or more proxies to attend and vote on their behalf and that the proxy or proxies need not be a shareholder/shareholders;

(viii) specifying the time and place for delivering the power of attorney for voting at the meeting;

(ix) specifying the Record Date of which shareholders have the rights to attend the general meeting;

(x) the names and the contact numbers of the contact persons.

The notice of the shareholders' general meeting shall be sent to shareholders (whether or not entitled to vote at the meeting) in person or by postage-paid mail, and each recipient's address shall be according to the address indicated on the register of shareholders. For holders of domestic shares, the notice of our shareholders' general meeting may be given in the form of an announcement.

This announcement shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of domestic shares shall be deemed to have received the notice of our shareholders' general meeting. In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be thereby affected.

Subject to the laws, administrative regulations, normative documents and the relevant listing rules of the securities regulatory authority where the Company's shares are listed and subject to the performance of the relevant procedures, the Company can issue the notice of the general meeting to the holders of overseas listed foreign shares by publication on the website of the Company or the websites designated by Hong Kong Stock Exchange or otherwise permitted by Hong Kong Listing Rules and the Articles of Association in lieu of distributing the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.

The following matters shall be approved by the shareholders' general meeting through ordinary resolutions:

(i) working report of the Board of Directors and the Supervisory Committee;

(ii) plans of profits distribution and loss make-up schemes drafted by the Board of Directors4.7(go)14.8(v)25(e)0(r)goepo3o9.9(y)-587.5(th)-476.4(s)-587.5(o.5(th))-444.8867]TJ ism*

(iv) annual budget/final account report, balance sheet, income and other financial statements of the Company;

(v) annual reports of the Company;

(vi) other matters in addition to those approved by special resolution as required by laws, administrative regulations, listing rules of stock exchanges on which our shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' general meeting:

(i) the increase or reduction of registered capital and issue of any class of shares, warrants and other similar securities;

(ii) issue of bonds of the Company;

(iii) division, merger, dissolution and liquidation of the Company and the change of form of the Company;

(iv) amendment of the Articles of Association;

(v) matters relating to the purchase, sale of material assets or guarantee made by the Company with an amount exceeding 30% of the latest audited total assets of the Company;

(vi) adjustment of profit distribution policy;

(vii) share option incentive plan;

(viii) other matters as required by the laws, administrative regulations or the Articles of Association, and as approved by ordinary resolution of the shareholders' general meeting which are believed could materially affect the Company and need to be approved by special resolution.

SHARE TRANSFERS

Subject to the approval of the securities regulatory authority of the State Council, holders of our domestic shares may transfer their Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

Shares of the Company held by the promoter are not transferable within one year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one year commencing from the date on which our shares were listed and traded on a stock exchange.

The Directors, Supervisors and senior management of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a Director, Supervisor or senior management may transfer every year during his or her term of office shall not exceed 25% of the total number of our shares in his or her possession; and shares of the Company in his or her possession are not transferable within one year commencing from the date on which our shares were listed and traded on a stock exchange. Such personnel shall not transfer our shares in their possession within six months upon termination of their employment with the Company. Such transfer restriction involving H shares shall be in compliance with the requirements of Hong Kong Listing Rules.

Any gains from the sale of shares of the Company by any of the Company's Director, Supervisor, senior management or shareholders holding 5% or more of the shares in the Company within six months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six months after the sale thereof, shall be vested in by the Company. The Board of Directors of the Company shall forfeit such gains from the abovementioned parties. However, where the securities company, as the sole underwriter, purchases all the unsold shares and therefore holds more than 5% of the shares in the Company, sale of such shares is exempted from the six-month restriction.

RIGHTS OF THE COMPANY TO REPURCHASE ITS OWN SHARES

According to the provisions of the Articles of Association, the Company may, in the following circumstances, and subject to the approval of the relevant governing authority of the PRC, buy back its shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:

(i) decreasing the registered capital of the Company;

(ii) merging with other companies holding shares of the Company;

(iii) awarding shares to employees of the Company;

(iv) shareholders objecting to resolutions of the general meeting concerning merger or

Where the Company repurchases its own shares by an off-market agreement, it shall obtain prior approval at the shareholders' general meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the shareholders' general meeting, the Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract.

The said share repurchase contract includes, but is not limited to, an agreement that consents to undertake the obligation to repurchase the shares and obtain the rights to repurchase them.

The Company shall not transfer any contract that repurchases the shares or any rights conferred under the contract. Shares repurchased in accordance with law by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original companies registration authority for registration of the change of its registered shares capital. The amount of the Company's registered Shares capital shall be reduced by the par value of those cancelled Shares.

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued Shares:

(i) where the Company repurchases Shares of the Company at par value, payment shall be made out of book surplus distributable profits of the Company and proceeds of a fresh issue of Shares made for that purpose;

(ii) where the Company repurchases Shares of the Company at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company and the proceeds of a fresh issue of Shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows: (a) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company; or (b) if the Shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds of a fresh issue of Shares made for that purpose, provided that the amount paid out of the proceed of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the old Shares repurchased nor the amount of the Company's share premium account at the time of the repurchase (or of the capital reserve account) (including the premiums on the fresh issue);

(iii) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

(a) acquisition of rights to repurchase Shares of the Company;

(b) variation of any contract to repurchase Shares of the Company;

(c) release of any of the Company's obligations under any contract to repurchase Shares of the Company;

(iv) after the Company's registered share capital has been reduced by the total par value of the cancelled Shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the Shares repurchased shall be recorded to the Company's share premium account (or the capital reserve account).

Power of any subsidiary of the Company to own our shares

There are no provisions stipulated in the Articles of Association that restrict the subsidiaries of the Company from owning our shares.

DIVIDEND AND PROFIT DISTRIBUTION

The Company may distribute dividends by way of cash or shares.

The shares of the Company held by the Company shall not be subject to profit distribution.

The receiving agents appointed by the Company shall comply with related provisions of the laws or the securities exchange where the shares are listed. The receiving agent for holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance.

SHAREHOLDER PROXIES

Any shareholder who is entitled to attend and vote at our shareholders' general meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his or her shareholder proxy to attend and vote at the meeting in his or her place. The shareholder proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization of that shareholder:

(i) the shareholder's right to speak at the shareholders' general meeting;

(ii) the right to demand, whether on his or her own or together with others, a poll; and

(iii) unless otherwise provided for in relevant laws, administrative regulations and relevant requirement of the securities regulatory authority where the Company's shares are listed, exercise the right to vote by show of hand or on a poll; however, if one shareholder is represented by more than one shareholder proxy, the shareholder proxy must vote on a poll.

The shareholder proxy appointment shall be in writing and shall be signed by the appointer or a person duly authorized in writing. Where the appointer is a legal person, the stamp of the legal person shall be affixed, or signed by the Director or a duly authorized agent.

If the shareholder is an authorized clearing house as defined in relevant rules of Hong Kong from time to time or its agent, such a shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in the shareholders' general meeting or shareholders class meeting. If two or more persons are appointed as proxies, the proxy forms shall clearly state the number and the class of shares represented by each of the proxies. The proxy forms shall be signed by the respective proxies appointed by the authorized clearing house. The proxies so appointed may represent the authorized clearing house (or its agent) in exercising its rights at any meeting (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) as if that proxy is an individual shareholder of the Company.

The power of attorney must be kept at the domicile or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated voting time. If the power of attorney is signed by another person authorized by the appointer, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney appointing the entrusted representative at our residential address or other location designated at the notice convening the meeting.

Where the appointer is a legal person, its legal representative or any person authorized by resolutions of its Board of Directors or other governing body attends our shareholders' general meeting as a representative.

The Company shall have the right to require any proxy who attends the shareholders' general meeting on behalf of the shareholder(s) to produce his or her identity certificate.

Any form sent by the Board of directors to the Shareholder for appointing a shareholder proxy shall allow the Shareholder, according to his or her free will, to instruct the proxy to vote and provide instructions separately for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify that the shareholder proxy may vote at his or her own discretion if the Shareholder does not provide instructions.

The votes of the shareholder proxy given pursuant to the terms of an instrument of proxy shall remain valid notwithstanding the previous death, loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company does not receive written notice concerning such matters before the related meeting is convened.

Calls on shares and forfeiture of shares

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Subject to compliance with the relevant laws of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiry of relevant time frame.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, but may exercise such power only if such warrants have been left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company has the power to sell by a method deemed fit by the Board the shares of a

(iv) the right to transfer the shares he or she holds in accordance with the laws, administrative regulations and the provisions hereof;

(v) the right to receive information as provided in the Articles of Association, including:

(a) a copy of the Articles of Association, subject to payment of costs;

(b) inspection and copy of, subject to payment of a reasonable fee: (a) all parts of the register of members; (b) personal particulars of each of the Company's Directors, Supervisors and senior management, including: current and former name and by name; main address (domicile); nationality; full-time and all other part-time jobs and titles; and identity certificate and its number;

(c) status of share capital of the Company;

(d) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the last accounting year and the aggregate amount paid by the Company for this purpose;

(e) minutes of shareholders' general meetings;

(vi) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(vii) for shareholders who disagree with the resolution in relation to a merger or division passed at a shareholders' general meeting, the right to request the Company to repurchase their shares; and

(viii) other rights conferred by laws, administrative regulations and the Articles of Association.

Where any person directly or indirectly having rights and interests fail to disclose such rights and interests, the Company shall not exercise its rights to freeze or otherwise harm any right of such person attached to the shares solely for this reason.

QUORUM FOR SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS

The Company shall, based on the written replies received 20 days prior to the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting accounts for more than half of the Company's total voting shares, the Company may convene a general meeting; otherwise, the

Company shall make an announcement within 5 days, notifying the shareholders of matters to be considered at as well as the date and venue of the meeting. The Company may convene the meeting once an announcement has been so made.

For convening of a class meeting and its required quorum, see "— VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES".

RIGHTS OF NON-CONTROLLING SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

Apart from the obligations required in laws, administrative regulations or the listing rules of the stock exchange on which the shares are listed, the Controlling Shareholder shall not make any decision that is detrimental to the interest of all or part of the shareholders on the following issues by exercising his or her shareholder voting rights:

(i) releasing the Directors and Supervisors from the duty of acting honestly in the best interest of the Company;

(ii) permitting the Directors and Supervisors (for their own or others' interests) to deprive the Company of assets in any form, including, but not limited to, any opportunity that is beneficial to the Company;

(iii) permitting the Directors and Supervisors (for their own or others' interests) to deprive the shareholders of their personal rights and interests, including, but not limited to, any dividend distribution or voting right, but excluding the restructuring of the Company approved at the shareholders' general meeting pursuant to the Articles of Association.

LIQUIDATION PROCEDURES

Under any of the following circumstances, the Company shall be lawfully dissolved and liquidated:

(i) expiry of the term of business provided in the Articles or other reasons for dissolution as specified in these Articles of Association;

(ii) the shareholders' general meeting adopts a resolution to dissolve the Company;

(iii) the Company needs to be dissolved for the purpose of merger or division;

(iv) the business license is revoked, or the Company is ordered to close or be eliminated as a result of the breach of laws and administrative regulations;

(v) where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of the shares carrying voting rights may request the court to dissolve the Company;

(vi) the Company is declared legally bankrupt as a result of failure to pay debts as they fall due.

Where the Company is dissolved pursuant to (i) or (ii) above, it shall establish a liquidation committee within 15 days after the dissolution circumstance arises. The members of the liquidation committee shall be determined in general meeting by way of ordinary resolution.

Where the Company is dissolved pursuant to (iv) above, a liquidation committee shall be formed by shareholders, the relevant authorities and the relevant professionals as organized by the relevant competent authority, for carrying out the liquidation.

Where the Company is dissolved pursuant to (vi) above, the liquidation shall be proceeded in accordance with the applthe applthe-u9(applD(upt)-383.5(a)c7.9()0(f)-317ly)-38the-3 TD [(W)19.9(her)19.9

Company, its shareholders, directors, supervisors and senior management officers. Pursuant to these Articles of Association, a shareholder may take action against the other shareholders, and the shareholders may take action against the Company's directors, supervisors, managers and other senior management officers. The shareholders may take action against the Company. The Company may take action against its shareholders.

The Company may invest in other bodies including companies with limited liability and joint stock companies, with the liability of the Company limited to the extent of the subscribed capital contribution or subscribed shares. Unless otherwise stipulated by the law, the Company shall not bear joint and several liabilities for the debts of the enterprise in which the company invests.

Shares and its transfer

Subject to approval of the shareholders at general meeting, the Company may increase its capital by way of:

(i) public offering of shares;

(ii) non-public offering of shares;

(iii) offer of bonus shares to existing shareholders;

(iv) rights issue of shares to existing shareholders;

(v) other means stipulated by laws, administrative regulations or approved by CSRC.

Upon approval to increase the Company's registered capital by issuing new shares according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws, administrative regulations and the requirement of the local securities regulatory authority at the place where the stock is listed.

When the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets. The Company shall notify creditors of its resolution on reduction in registered capital within 10 days after it adopts such resolution, and announce the same on Shanghai Securities News, China Securities Journal and Securities Times for three times within 30 days. A creditor shall have the right to request the Company to repay debts or provide relevant guarantee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. The registered capital of the Company after reduction shall be no less than the statutory minimum limit.

Subject to the approval from securities regulatory authority under the State Council, shareholders of domestic shares of the Company may transfer their shares to foreign investors and such transferred shares may be listed and traded overseas. The shares transferred shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded on an overseas stock exchange.

Shareholders

The Shareholders are persons lawfully holding the shares and whose names (titles) are already listed in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him or her; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

Holders of the ordinary shares of the Company shall assume the following obligations:

(i) to observe the law, administrative regulations and the Articles of Association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) to dispose his or her shares only under circumstances permitted by laws and regulations;

(iv) not to abuse their shareholders' rights to prejudice the interests of the Company or other shareholders; and not to abuse the independent legal entity status of the Company and the limited liability of a shareholder to prejudice of the interests of creditors of the Company. Any Shareholder of the Company who abuses any of the shareholders' rights to the extent of causing losses to the Company or other Shareholders shall be held liable for compensation of the damages according to laws. Any shareholder of the Company who abuses the independent legal entity status of the Company and the limited liability of a shareholder, evades debt, to the extent of severely jeopardizing the interests of creditor(s) of the Company shall be held liable for the joint liability to the relevant liabilities of the Company;

(v) in the event of further acquisition of the shares of the Company by the shareholder(s) severally or jointly holding 10% or above shares of the Company, if it results in the voluntary or involuntary dismissal of the mid-level management or above, such shareholder shall pay an one-off extra compensation for removal to the dismission personnel unless such personnel waive such right in written;

(vi) to be bound by other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Resolutions of the Supervisory Committee shall be approved by more than two-third of the Supervisors.

The supervisory committee of the Company shall be made up of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third. Representatives of the company's staff at the supervisory committee shall be democratically elected and dismissed by the company's staff at the staff representative assembly, general staff meeting or otherwise.

The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers:

(i) to review the periodic reports of the Company prepared by the Board and express its written opinion;

(ii) to check the financial condition of the Company;

(iii) to monitor the performance of duties by directors, managers and other senior management officers and propose dismissal of directors, managers and other senior management officers who have violated laws, administrative regulations or these Articles of Association;

(iv) to require the directors, managers and other senior management to take corrective measures when their actions are detrimental to our interests;

(v) to verify the financial information, such as the financial reports, business reports and profit distribution proposal to be submitted by the Board to the shareholders' general meeting and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practicing auditors;

(vi) to propose the convening of extraordinary general meetings;

(vii) to submit proposals at the shareholders' general meetings;

(viii) to communicate with or initiate legal proceedings against directors on behalf of the Company according to the relevant provisions of the Company Law;

(ix) to identify and investigate into any abnormalities in operation of the Company; and where necessary, to engage professional institutions including accounting firms and law firms to provide assistance in their work, and the expenses so incurred shall be borne by the Company;

(x) to exercise other powers and duties stipulated in the Articles of Association.

The Supervisors shall attend the board meeting.

The supervisors shall abide by the laws, administrative rules and these Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

General Manager

The Company includes one general manager and certain deputy managers, appointed or dismissed by the Board of Directors.

The manager is responsible to the Board of Directors and exercises the following powers:

(i) to manage the daily business operations of the Company, organize and implement the Board's resolutions, and report to the Board;

(ii) to organize and implement the Company's annual operational plan and investment plan;

(iii) to prepare the plan for the establishment of internal management of the Company;

(iv) to prepare the plan of the basic management system of the Company;

(v) to formulate the Company's basic rules;

(vi) to propose to the Board to appoint or remove the deputy manager and chief financial officer of the Company;

(vii) to appoint or remove executives other than those appointed or removed by the Board;

(viii) to review and determine the salary, benefit, incentive and punishment package of the Company's employees, and to decide on the engagement or dismissal of the Company's employees;

(ix) the manager is entitled to make decision on single external investment project which

(iii) If any dispute or claim of rights arising for the reasons stated in paragraph (i) above is referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.

(iv) The award of an arbitration body shall be final and binding on all parties.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established in the PRC as a joint stock company with limited liability on January 1, 1992. The Company changed its name from Shanghai Pudong Dazhong Taxi Co., Ltd.* (上海浦東大眾出租汽車股份有限公司) to Shanghai Dazhong Enterprises of Science and Technology Ltd.* (上海大眾科技創業(集團)股份有限公司) on June 18, 1999 and further changed its name to Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (上海大眾公用事業(集團)股份有限公司) on May 21, 2003.

Our Company has established its principal place of business in Hong Kong at 3011, Tower 6, the Gateway, 1 Canton Road, Tsim Sha Tsui, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 30, 2016. In connection with such registration, our Company has appointed Mr. Wong Yat Tung (黃日東) as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the PRC, its operation, corporate structure and the Articles of Association are subject to the laws and regulations of the PRC. A summary of certain relevant aspects of the laws and regulations of the PRC and various provisions of our Company's Articles is set out in Appendix IV and V to this prospectus.

2. Changes in registered capital of our Company

(1) On January 1, 1992, our Company divided its 1.4 million shares with a par value of RMB10.00 each into shares with a par value of RMB1.00 each. Upon completion of the division, the issued shares our Company was 14.0 million with a par value of RMB1.00 each.

(2) The Company issued RMB14 million A Shares which have been listed on the Shanghai Stock Exchange on March 4, 1993.

(3) On June 18, 1993, we allotted another RMB13 million A Shares to our Shareholders (except our promoter Bank of Communications, Shanghai Pudong Branch* (交通銀行上海浦東分行)). As a result, our registered capital was increased to RMB27 million.

(4) On March 18, 1994, we adopted a bonus issue of 18,900,000 shares to our Shareholders and an allotment of 13,770,000 shares to our Shareholders. As a result, our registered capital was increased to RMB59,670,000.

(5) On June 14, 1995, we allotted 17,901,000 shares to our Shareholders. As a result, our registered capital was increased to RMB77,571,000.

(6) On September 1, 1995, we adopted a bonus issue of 5,967,000 shares to our Shareholders. As a result, our registered capital was increased to RMB83,538,000.

(7) On January 30, 1997, we adopted a bonus issue of 20,884,500 shares to our Shareholders. In addition, we completed an allotment of 25,061,400 shares to our Shareholders. As a result, our registered capital was increased to RMB129,483,900.

(8) On May 22, 1997, we adopted a bonus issue of 15,382,700 shares to our Shareholders and converted RMB114,101,200 from our capital reserve to our share capital. As a result, our registered capital was increased to RMB258,967,800.

(9) On May 12, 1998, we adopted a bonus issue of 81,574,857 shares to our Shareholders and converted RMB47,909,043 from our capital reserve to our share capital. As a result, our registered capital was increased to RMB388,451,700.

(10) On May 14, 1998, we allotted 71,727,840 shares to our Shareholders. As a result, our registered capital was increased to RMB460,179,540.

(11) On December 15, 1999, we allotted 16 million shares to the then shareholders of Wuxi Dazhong Taxi Co., Ltd. (無錫大眾出租汽車有限公司). As a result, our registered capital was increased to RMB476,179,540.

(12) On October 10, 2002, we allotted 70 million shares to our Shareholders. After a rounding calculation of our historical share allotments, 2,216 shares were added as well. As a result, our registered capital was increased to RMB546,181,666.

(13) On October 15, 2005, we converted RMB163,854,500 from our capital reserve to our share capital. As a result, our registered capital was increased to RMB710,036,166.

(14) On April 3, 2006, we converted RMB213,010,850 from our capital reserve to our share capital. As a result, our registered capital was increased to RMB923,047,016.

(15) On June 5, 2007, we converted RMB323,066,456 from our capital reserve to our share capital. As a result, our registered capital was increased to RMB1,246,113,472.

(16) On April 28, 2008, we converted RMB249,222,694 from our capital reserve to our share capital. As a result, our registered capital was increased to RMB1,495,336,166.

(17) On June 17, 2010, we adopted a bonus issue of 149,533,617 shares to our Shareholders. As a result, our registered capital was increased to RMB1,644,869,783.

(18) On May 12, 2015, we adopted a bonus issue of 822,434,892 shares to our Shareholders. As a result, our registered capital was increased to RMB2,467,304,675.

Save as aforesaid, up to the Latest Practicable Date, there had been no alteration in the share capital of our Company since incorporation.

(2) Qionghai Chunsheng Travel

(2) Minhang Dazhong Micro-credit

Parties and equity interest:

- our Company (50%)
- Shanghai Hongkou Dazhong Taxi Co., Ltd.* (上海虹口大眾出租汽車有限公司) (20%)
- Shanghai Automobile Air Conditioning Co. Ltd.* (上海加冷松芝汽車空調股份有限公司) (10%)
- Shanghai Tofflon Science &Technology Co., Ltd.* (上海東富龍科技股份有限公司) (an Independent Third Party) (10%)
- Shanghai Gumei Asset Management Co., Ltd.* (上海古美資產經營管理有限公司) (an Independent Third Party) (10%)

Restrictions on sale, assignment or transfer of interest:

Equity interests held by our Company shall not be transferred or pledged within three years after registration of Minhang Dazhong Micro-credit with competent authority. Equity interests held by other shareholders shall not be transferred or pledged within one year after registration of Minhang Dazhong Micro-credit with competent authority.

(3) Shanghai Dazhong Financial Leasing

Parties and equity interest:	• our Company (40%) • FCEEL (our subsidiary) (25%) • Dazhong Transportation Group (20%) • Shanghai Dazhong Business Management (our Shareholder) (10%) • Shanghai Chengguang Business Consultation Co., Ltd.* (上海誠光商務信息諮詢有限公司) (an Independent Third Party) (5%)
Term:	30 years since the issuance date of business license and extension of term with unanimous consent of all shareholders
Restrictions on sale, assignment or transfer of interest:	Approval by other shareholders required
Management of business and operations:	The board is composed of five directors including three directors appointed by our Company, one director appointed by FCEEL (our subsidiary) and one director appointed by Dazhong Transportation Group.

(4) Nantong Dazhong Gas

Parties and equity interest:	• Shanghai Dazhong Gas Investment (our subsidiary) (50%) • Nantong Gas General* (南通市燃氣總公司) (an Independent Third Party) (50%)
Term:	50 years since the issuance date of business license
Management of business and operations:	

(5) Jiangsu Dazhong Water

Parties and equity interest:	• Shanghai Dazhong Environment (our subsidiary) (80%) • Wang Lu (王璐) (an Independent Third Party) (15%) • Wang Jian (王健) (an Independent Third Party) (5%)
Term:	From April 4, 1995 to May 18, 2028
Management of business and operations:	The board is composed of five directors including four directors appointed by Shanghai Dazhong Environment and one director appointed by Mr. Wang Jian (王健) and Mr. Wang Lu (王璐).

(6) Allpay International Finance Service

Parties and equity interest:	• Dazhong Hong Kong International (60%) • 99 Wuxian Limited (99無限有限公司) (an Independent Third Party) (40%)
Term:	50 years since the issue date of business license
Management of business and operations:	The board is composed of five directors including three directors appointed by Dazhong Hong Kong International and two directors appointed by 99 Wuxian Limited. The chairman of the board is appointed by Dazhong Hong Kong International.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

(a) an investment cooperation agreement dated December 29, 2015 entered into by and among our Company, Dazhong Transportation Group and Shanghai Dazhong Business Management, pursuant to which the parties agreed to invest RMB87.5 million, RMB100 million and RMB62.5 million, respectively, to set up Shanghai Dazhong Chuxing;

(b) an investment cooperation agreement dated February 18, 2016 entered into between

(g) an equity transfer agreement dated April 28, 2016 entered into between our Company and Shanghai Dazhong Business Management, pursuant to which Shanghai Dazhong Business Management agreed to transfer 6.63% equity interest held by it in Shanghai Dazhong Gas Investment to our Company with a consideration of RMB30.53 million;

(h) an equity interest transfer agreement dated July 14, 2016 entered into by and among Jiangsu Dazhong Water and Mr. Li Fanqun (李凡群), Ms. Lv Xuanhui (呂宣惠), Mr. Ge Yanwu (葛豔武) and Mr. Zhang Wei (張偉), pursuant to which Jiangsu Dazhong Water agreed to transfer 15%, 12%, 12% and 12% equity interests held by it in Pizhou Fountainhead Water to Mr. Li Fanqun (李凡群), Ms. Lv Xuanhui (呂宣惠), Mr. Ge Yanwu (葛豔武) and Mr. Zhang Wei (張偉) for considerations of RMB4,267,770.72, RMB3,414,216.57, RMB3,414,216.57 and RMB3,414,216.57, respectively;

(i) an equity interest transfer agreement dated July 14, 2016 entered into by and among Jiangsu Dazhong Water and Mr. Li Fanqun (李凡群), Ms. Lv Xuanhui (呂宣惠), Mr. Ge Yanwu (葛豔武) and Mr. Lu Lei (陸雷), pursuant to which Jiangsu Dazhong Water agreed to transfer 15%, 12%, 12% and 12% equity interests held by it in Xuzhou Fountainhead Sewage to Mr. Li Fanqun (李凡群), Ms. Lv Xuanhui (呂宣惠), Mr. Ge Yanwu (葛豔武) and Mr. Lu Lei (陸雷) for considerations of RMB3,598,752.20, RMB2,879,001.76, RMB2,879,001.76 and RMB2,879,001.76, respectively;

(j) a non-competition agreement dated November 2, 2016 entered into between our Company and Shanghai Dazhong Business Management in relation to certain non-competition undertakings given by Shanghai Dazhong Business Management to us;

(k) a cornerstone investment agreement (in Chinese) dated November 10, 2016, entered into among Investstar Limited, our Company, China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, pursuant to which Investstar Limited agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) at the Offer Price which may be purchased for the Hong Kong dollars equivalent of US$25 million;

(l) a cornerstone investment agreement (in Chinese) dated November 11, 2016, entered into among Fung Yu Holdings Limited, our Company, China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, pursuant to which Fung Yu Holdings Limited agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) at the Offer Price which may be purchased for the Hong Kong dollars equivalent of US$20 million;

(m) a cornerstone investment agreement dated November 11, 2016, entered into among Hungary CRE New Energy Equipment Co. Kft, our Company, China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, pursuant to which Hungary CRE New Energy Equipment Co. Kft agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) at the Offer Price which may be purchased for the Hong Kong dollars equivalent of US$10 million;

(n) a cornerstone investment agreement dated November 17, 2016, entered into among New China Asset Management (Hong Kong) Limited, our Company, China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, pursuant to which New China Asset Management (Hong Kong) Limited agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) at the Offer Price which may be purchased for the Hong Kong dollars equivalent of US$25 million;

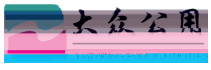
(o) a cornerstone investment agreement (in Chinese) dated November 17, 2016, entered into among ENN Energy China Investment Limited, our Company, China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, pursuant to which ENN Energy China Investment Limited agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) at the Offer Price which may be purchased for the Hong Kong dollars equivalent of US$60 million; and

(p) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which are material to our business:

Trademark	Class	Registration Number	Place of Registration	Registered Owner	Expiry Date
	11	3762173	PRC	Shanghai Dazhong Gas Co., Ltd., Business Office* (上海大眾燃氣有限公司營業所)	June 13, 2025
	39	5364018	PRC	Nantong Dazhong Gas	March 27, 2020
	16, 35, 36, 37 and 39	303443021	Hong Kong	our Company	June 14, 2025
	16, 35, 36, 37, 39	303443030	Hong Kong	our Company	June 14, 2025

As of the Latest Practicable Date, we had the right to use the following trademark in the PRC pursuant to the Trademark License Agreement:

Trademark	Registration No.	Registered owner	Class	Expiry Date
	3358065	Dazhong Transportation Group	39	May 20, 2024

* Pursuant to the Trademark Licence Agreement entered into between Dazhong Transportation Group and our Company on May 21, 2004, our Company has the right to use the trademark with registered number 3358065 for free from May 21, 2004 to expiry of the trademark registration.

Patents

As at the Latest Practicable Date, we had registered the following patents which are material to our business:

Name of Patent	Type	Patent Number	Registered Owner	Validity Period
Device for calibrating natural gas on line	Invention	201110225695X	Shanghai Dazhong Gas and Ningbo Xinjie Gas Appliance Industrial Co., Ltd.* (寧波忻杰燃氣用具實業有限公司), an Independent Third Party	From August 8, 2011 to August 7, 2021
Screwed movable joint	Utility model	201020209459X	Shanghai Dazhong Gas	From May 28, 2010 to May 27, 2020
Combustion gas underground inlet pipe	Utility model	2010205218611	Shanghai Dazhong Gas and Wuxi Xinyang Piping Fitting Co., Ltd.* (無錫市鑫羊管閥附件有限公司) , an Independent Third Party	From September 8, 2010 to September 7, 2020
Gas stand pipe plugging device	Utility model	2011202354106	Shanghai Dazhong Gas and Suzhou Fuel Gas Equipment & Valve Manufacture Co., Ltd.* (蘇州市燃氣設備閥門製造有限公司) , an Independent Third Party	From July 5, 2011 to July 4, 2021

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Disclosure of our Directors' and Supervisors' interests and short positions in the issued shares of our Company and its associated corporations

Immediately following completion of the Global Offering (and assuming the Over-allotment Option is not exercised), the beneficial interests or short positions of our Directors, Supervisors and the chief executives in any shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which once the Shares are listed, will be required (a) to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to

Name	Nature of Interest	Number of Shares held	Class	Approximate % of Interest in Our Company	Approximate % of the Relevant Class of Our Company
Mr. ZHUANG Jianhao (莊建浩)[6][10]	Beneficial owner	115,000	A Shares	0.004	0.005
Ms. CAO Yongqin (曹永勤)[7][10]	Beneficial owner	57,387	A Shares	0.0020	0.0024
Mr. YANG Weibiao (楊衛標)[8][10]	Beneficial owner	54,000	A Shares	0.0019	0.0022
Ms. Zhao Siyuan (趙思淵)[9][10]	–	–	A Shares	–	–

Note:

(1) Mr. Yang Guoping (楊國平) holds 14,229,800 shares in 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), representing 9.55% of the total number of shares of the Employee Share Ownership Committee.

(2) Mr. Zhong Jinxing (鍾晉倖) holds 611,500 shares in 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), representing 0.41% of the total number of shares of the Employee Share Ownership Committee.

(3) Mr. Liang Jiawei (梁嘉瑋) holds 112,100 shares in 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), representing 0.07% of the total number of shares of the Employee Share Ownership Committee.

(4) Ms. Yu Min (俞敏) holds 949,000 shares in 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), representing 0.63% of the total number of shares of the Employee Share Ownership Committee.

(5) Mr. Yang Jicai (楊繼才) holds 137,600 shares in 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), representing 0.09% of the total number of shares of the Employee Share Ownership Committee.

(6) Mr. Zhuang Jianhao (莊建浩) holds 50,000 shares in 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), representing 0.03% of the total number of shares of the Employee Share Ownership Committee.

(7) Ms. Cao Yongqin (曹永勤) holds 669,200 shares in 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), representing 0.44% of the total number of shares of the Employee Share Ownership Committee.

(8) Mr. Yang Weibiao (楊衛標) holds 164,000 shares in 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), representing 0.11% of the total number of shares of the Employee Share Ownership Committee.

(9) Ms. Zhao Siyuan (趙思淵) holds 881,100 shares in 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), representing 0.59% of the total number of shares of the Employee Share Ownership Committee.

(10) 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) is the beneficial owner of the 90% equity interests in Shanghai Dazhong Business Management and is deemed to be interested in 495,143,859 A Shares held by Shanghai Dazhong Business Management.

(3) Investstar Limited is a wholly-owned subsidiary of Towngas Investment Company Limited (煤氣投資有限公司), which is wholly owned by The Hong Kong and China Gas Company Limited (香港中華煤氣有限公司) (stock code: 0003.HK). Therefore, each of Towngas Investment Company Limited (煤氣投資有限公司) and The Hong Kong and China Gas Company Limited (香港中華煤氣有限公司) is deemed to be interested in the H Shares held by Investstar Limited under the SFO. The number of H Shares and percentage of shareholding of Investstar Limited are calculated based on our Offer Price of HK$3.80 per Offer Share (being the mid-point of the indicative Offer Price range).

(4) New China Asset Management (Hong Kong) Limited is owned as to 60.0% by New China Asset Management Company Limited, which is owned as to 99.4% by New China Life Insurance Company Limited (stock code: 1336.HK). Therefore, each of New China Asset Management Company Limited and New China Life Insurance Company Limited is deemed to be interested in the H Shares held by New China Asset Management (Hong Kong) Limited under the SFO. The number of H Shares and percentage of shareholding of New China Asset Management (Hong Kong) Limited are calculated based on our Offer Price of HK$3.80 per Offer Share (being the mid-point of the indicative Offer Price range).

(5) Fung Yu Holdings Limited is wholly owned by Mr. Su Aping (蘇阿平). Therefore, Mr. Su Aping (蘇阿平) is deemed to be interested in the H Shares held by Fung Yu Holdings Limited under the SFO. The number of H Shares and percentage of shareholding of Fung Yu Holdings Limited are calculated based on our Offer Price of HK$3.80 per Offer Share (being the mid-point of the indicative Offer Price range).

(6) ENN Energy China Investment Limited is wholly owned by ENN Energy Holdings Limited (Stock Code: 02688.HK). Mr. Wang Yusuo is the controlling shareholder of ENN Energy Holdings Limited. Therefore, each of ENN Energy Holdings Limited and Mr. Wang Yusuo is deemed to be interested in the H Shares held by ENN Energy China Investment Limited under the SFO. The number of H Shares and percentage of shareholding of ENN Energy China Investment Limited are calculated based on our Offer Price of HK$3.80 per Offer Share (being the mid-point of the indicative Offer Price range).

In addition to the above and so far as our Directors are aware, immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, save for our subsidiaries, the following entities are directly interested in 10% or more of the nominal value of any class of equity capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of Subsidiaries	Substantial Shareholder of such subsidiary	Approximate Percentage of Shareholding
Shanghai Dazhong Gas	Shanghai Gas Group	50%
Minhang Dazhong Micro-credit	Shanghai Hongkou Dazhong Taxi Co., Ltd.* (上海虹口大眾出租汽車有限公司)	20%
Minhang Dazhong Micro-credit	Songz Automobile Air Conditioning Co., Ltd.* (上海加冷松芝汽車空調股份有限公司)	10%
Minhang Dazhong Micro-credit	Shanghai Dongfulong Technology Co., Ltd.* (上海東富龍科技股份有限公司)	10%

Name of Subsidiaries	Substantial Shareholder of such subsidiary	Approximate Percentage of Shareholding
Minhang Dazhong Micro-credit	Shanghai Gumei Asset Operation and Management Co., Ltd.* (上海古美資產經營管理有限公司)	10%
Shanghai Dazhong Financial Leasing	Dazhong Transportation Group	20%
Shanghai Dazhong Financial Leasing	Shanghai Dazhong Business Management	10%
Nantong Dazhong Gas	Nantong Gas General* (南通市燃氣總公司)	50%
Hangzhou Qiantang Sewage	Hangzhou Xiaoshan Sewage Co., Ltd.* (杭州蕭山污水處理有限公司)	10%
Jiangsu Dazhong Water	Wang Lu (王璐)	15%
Allpay International Finance Service	99 Wuxian Limited (99無限有限公司)	40%
Nantong Gas Equipment	Yang Jun (楊軍)	20%
Rudong Dazhong Gas	Rudong County Kaitai Urban Construction Investment Co., Ltd.* (如東縣開泰城建投資有限公司)	30%

Save as disclosed herein but taking no account of any Shares which may be taken up under the Global Offering, our Directors are not aware of any person who will immediately following completion of the Global Offering be directly or indirectly interested in any interest or any long position in the Shares or underlying Shares who would fall to be disclosed to our Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or, who is directly interested in 10% or more of the shares then in issue or equity interest in any member of our Group representing 10% or more of the equity interest in such company.

(c) Particulars of service contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provisions on arbitration.

For the three years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the total compensation paid to our Directors amounted to RMB10,889,000, RMB8,239,000, RMB12,089,000 and RMB12,365,000, respectively and the total compensation paid to our Supervisors amounted to RMB1,829,000, RMB1,784,000, RMB1,432,000 and RMB747,000, respectively. We estimate the total compensation payable to our Directors (including independent non-executive Directors) and Supervisors for the year ending December 31, 2016 will amount to approximately RMB12 million and RMB1.5 million, respectively.

Save as disclosed above, none of our Directors or Supervisors has entered or has proposed to enter into any service agreements with our Company or any members of Our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

2. Interest in suppliers and customers of our Group

Save as disclosed in this prospectus, as of the Latest Practicable Date, so far as our Directors were aware, no Director or their respective close associates or shareholder (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in the five largest suppliers or customers of our Group.

3. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in Note 49 of the Accountant's Report set out in Appendix IA.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of Hong Kong or the PRC, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

2. Litigation

Save as disclosed in this prospectus, during the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and H Shares to be issued as mentioned herein (including any H Shares falling to be issued pursuant to the exercise of the Over-allotment Option).

Each of the Joint Sponsors is independent from our Company pursuant to Rule 3A.07 of the Hong Kong Listing Rules. The total amount of fees payable to the Joint Sponsors by the Company is approximately RMB8.9 million.

4. Compliance Adviser

We have appointed Haitong International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Hong Kong Listing Rules. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any estimate, or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

5. Preliminary expenses

We have not incurred any preliminary expense.

6. Promoters

The promoters of our Company are as follows:

1. Shanghai Dazhong Taxi Company* (上海市大眾出租汽車公司)

2. Shanghai Coalgas Company* (上海市煤氣公司)

3. Bank of Communications, Shanghai Pudong Branch* (交通銀行上海浦東分行)

4. Shanghai Shenhua Electrician Union Company* (上海申華電工聯合公司)

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Global Offering or the related transactions described in this prospectus.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to engage in Type 1 (Dealing in securities), Type 2 (Dealing in futures contracts), Type 4 (Advising on securities), Type 5 (Advising on futures contracts) and Type 6 (Advising on corporate finance) regulated activities under the SFO
Haitong International Capital Limited	Licensed to engage in Type 6 (Advising on corporate finance) regulated activities under the SFO
BDO Limited	Certified Public Accountants
Jin Mao P.R.C. Lawyers	PRC legal advisers to the Company
China Insights Consultancy Limited	Industry expert
BDO Financial Services Limited	Internal control consultant

8. Consents of experts

Each of the experts whose names are set out in the subsection headed "— D. Other Information — 7. Qualifications of experts" in this Appendix has given and has not withdrawn its

11. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Joint Sponsors will receive a documentation fee. Further details are set out in section headed "Underwriting — Commission and Expenses" and the paragraph headed "— D. Other Information — 3. Joint Sponsors" in this Appendix.

12. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors nor any of the persons whose names are listed in the paragraph headed "— D. Other Information — 7. Qualifications of experts" in this Appendix is interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus, or are proposed to be, acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor any of the persons whose names are listed in the paragraph headed "— D. Other Information — 7. Qualifications of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(c) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporation (within the meaning of Part XV the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO of which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed; and

(d) taking no account of the Shares which may be taken up under the Global Offering or upon the exercise of the Over-allotment Option, none of our Directors is aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

13. Taxation of dividends and on gains from sale

individuals. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment.

Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

14. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted to any Director or experts referred to in the paragraph headed "— D. Other Information — 7. Qualifications of experts" in this Appendix in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and

(iii) no commission has been paid or is payable (except commissions to underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Group;

(b) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

(c) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(d) none of the experts whose names are set out in the paragraph headed "— D. Other Information — 7. Qualifications of experts" in this Appendix:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(e) save for our A Shares and corporate debts which are listed on the Shanghai Stock Exchange, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(f) the Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the WHITE, YELLOW and GREEN Application Forms, the written consents referred to the section headed "Appendix VI — Statutory and General Information — D. Other information — 8. Consents of experts" in Appendix VI to this prospectus, copies of material contracts referred to the section headed "Appendix VI — Statutory and General Information — B. Further information about our business — 1. Summary of material contracts" in Appendix VI to this prospectus, and the statements of particulars of the Selling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Morrison & Foerster at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report from BDO Limited, the text of which is set out in Appendix IA to this prospectus;

(c) the report from BDO Limited on the unaudited condensed interim financial information, the text of which is set out in Appendix IB to this prospectus;

(d) the report from BDO Limited relating to the unaudited pro forma adjusted consolidated net tangible assets per share attributable to the owners of the Company, the text of which is set out in Appendix II to this prospectus;

(e) the industry report prepared by China Insights Consultancy Limited;

(f) the internal control report prepared by BDO Financial Services Limited;

(g) the material contracts referred to in the section headed "Appendix VI — Statutory and General Information — B. Further information about our business — 1. Summary of material contracts" in Appendix VI to this prospectus;

(h) the written consents referred to in the section headed "Appendix VI — Statutory and General Information — D. Other information — 8. Consents of experts" in Appendix VI to this prospectus;

(i) the service contracts referred to in the section headed "Appendix VI — Statutory and