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

If you have sold or transferred all your shares in Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (the ''Company''), you should at once hand this circular together with the proxy form and reply slip to the purchaser or transferee or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the ''Hong Kong Stock Exchange'') take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

( )

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

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

(Stock Code: 1635)

PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2016; PROPOSED ELECTION OF DIRECTORS OF THE TENTH SESSION OF THE BOARD OF DIRECTORS; PROPOSED ELECTION OF SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY COMMITTEE; AND PROPOSED AMENDMENTS ON THE ARTICLES OF ASSOCIATION AND CHANGE ON INDUSTRIAL AND COMMERCIAL REGISTRATION

A notice convening the AGM to be held at Multi-Function Hall, 3/F, Jimao Hotel, 1525 Zhongshan West Road, Shanghai, PRC at 1:30 p.m. on Thursday, May 25, 2017 were published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

A reply slip and a proxy form to be used at the AGM were also published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk). If you are eligible and intend to attend the AGM, please complete and return the reply slip in accordance with the instructions printed thereon on or before Friday, May 5, 2017. Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the AGM or any adjournment thereof and voting in person if you so wish.

* For identification purpose onlyIScCIRCUILARcIeIMPORTAINTcANDcREQUy

CONTENTS

Page

DEFINITIONS 1

LETTER FROM THE BOARD 3

APPENDIX I — BIOGRAPHICAL DETAILS OF THE CANDIDATES FOR DIRECTORS OF THE TENTH SESSION OF THE BOARD 10

APPENDIX II — BIOGRAPHICAL DETAILS OF THE PROPOSED SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY COMMITTEE 14

APPENDIX III — PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION 15

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

''A Share(s)''	means the domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
''A Shareholder(s)''	means holder(s) of A Share(s)
''AGM''	means the 2016 annual general meeting of the Company to be held at Multi-Function Hall, 3/F, Jimao Hotel, 1525 Zhongshan West Road, Shanghai, PRC at 1:30 p.m. on Thursday, May 25, 2017
''Articles of Association''	means the Articles of Association of Shanghai Dazhong Public Utilities (Group) Co., Ltd.*
''Board''	means the board of Directors of the Company
''Company''	means Shanghai Dazhong Public Utilities (Group) Co., Ltd.*, a joint stock company incorporated in the PRC with limited liability, which H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
''Company Law''	means the Company Law of the PRC
''CSRC''	means China Securities Regulatory Commission
''Directors''	means the directors of the Company
''H Share(s)''	means the overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
''H Shareholder(s)''	means holder(s) of H Share(s)
''HK$''	means Hong Kong dollars, the lawful currency of Hong Kong
''Hong Kong''	means the Hong Kong Special Administrative Region of the PRC
''Hong Kong Listing Rules''	means the Rules G.0277c(90TD.02-2.154A2.6(p)]TJ/77rseas)4.9(G.0277cu

''PRC''	means the People's Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region
''RMB''	means Renminbi, the lawful currency of the PRC
''Share(s)''	means the share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
''Shareholder(s)''	



( )

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

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

The above resolution (4) will be resolved by way of special resolution and the remaining resolutions will be resolved by way of ordinary resolutions.

1. PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2016

The net profit attributable to owners of the Company of 2016 amounted to RMB547,642,000. The parent company's profit after tax amounted to RMB342,759,000. According to the Company Law and the Articles of Association, the Company's distribution plan is as follows:

Based on the net profit of the parent company in 2016, a 10% statutory reserve in the amount of RMB34,276,000 is provided, with the addition of the undistributed profit carried over from 2015 in the amount of RMB384,585,000, less the distributed amount of RMB148,038,000 in 2016, the total distributable profits amounted to RMB545,030,000. Based on the total share capital of 2,952,434,675 shares as at January 9, 2017, a proposed cash dividend of RMB0.60 (tax inclusive) for every 10 shares or a total profit of RMB177,146,000 will be distributed. The undistributed portion of RMB367,884,000 shall be outstanding for distribution to the next year.

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

Pursuant to the Enterprise Income Tax Law of the People's Republic of China effective on

於印發〈非　民享受税收協定待□管理辦法(試行)〉的□知》(國税發[2009]124　)). Should the individual H Shareholders be residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In the case that the individual H Shareholders

at the AGM. Each of Mr. Zhong Jinxing, Mr. Yang Jicai, Mr. Cai Jianmin and Mr. Yan Xuehai confirmed that he has no disagreement with the Company and there is no matter relating to his retirement or resignation that needs to be brought to the attention of Shareholders.

Biographical details of the candidates for Directors of the tenth session of the Board are set out in Appendix I to this circular.

The term of office of all Directors of the tenth session of the Board will be three years commencing from the date of election at the AGM. The elected tenth session of the Board will

Upon approval by the Shareholders of the relevant resolutions at the AGM, the composition of the proposed tenth session of the Board shall be as follows:

Executive Directors	Non-executive Directors	Independent non-executive Directors
Mr. Yang Guoping	Mr. Chan Wing Kin	Mr. Wang Kaiguo
Mr. Liang Jiawei	Mr. Li Songhua	Mr. Yao Cho Fai Andrew
Ms. Yu Min	Mr. Cheung Yip Sang	Mr. Chow Siu Lui
Mr. Zhuang Jianhao		Mr. Wang Hongxiang
Mr. Yang Weibiao		Mr. Liu Zhengdong

3. ELECTION OF SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee proposed the re-election of Ms. Zhao Siyuan as Supervisor of the tenth session of the Supervisory Committee.

The Supervisory Committee also proposed the appointment of Mr. Yang Jicai (executive Director of the ninth session of the Board) as Supervisor of the tenth session of the Supervisory Committee.

Ms. Cao Yongqin will retire from her current position as Supervisor and will not seek re-election at the AGM. She confirmed that she has no disagreement with the Company and there is no matter relating to her retirement that needs to be brought to the attention of Shareholders.

The employee congress of the Company has elected Ms. Zhao Fei as the employee representative Supervisor of the tenth session of the Supervisory Committee to replace the current employee representative Supervisor Mr. Yang Weibiao. According to the Articles of Association, the supervisors who represent the employees shall be democratically elected and removed by employees of the Company through the workers conference, gen3(c)-4Ql(b)6(m-1.5(Vembrs)hp)-

the Company or any of its subsidiaries; and (3) he/she does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance as at the date of this circular.

In addition, there is no other information in relation to the proposed Supervisors which is disclosable pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules and there are no other matters which need to be brought to the attention of the Shareholders in respect of the proposed appointment and employee congress election of the Supervisors.

The tenth session of the Supervisory Committee will consist of Mr. Yang Jicai, Ms. Zhao Siyuan and Ms. Zhao Fei as employee representative supervisor elected at the employee congress of the Company.

4. PROPOSED AMENDMENTS ON THE ARTICLES OF ASSOCIATION AND CHANGE ON INDUSTRIAL AND COMMERCIAL REGISTRATION

Taking into account the proposed appointments of members of the tenth session of the Board and change of share capital, the Board proposes to make amendments to the Articles of Association regarding composition of the Board and share capital. Details of the amendments are set out in Appendix III.

Save for the proposed amendments to the Articles of Association set out in Appendix III, other provisions in the Articles of Association remain unchanged.

The resolution in relation to the amendments to the Articles of Association was considered and approved at the twenty-fifth meeting of the ninth session of the Board, and will be submitted to the AGM for approval by Shareholders by way of a special resolution.

5. AGM

A notice convening the AGM to be held at Multi-Function Hall, 3/F, Jimao Hotel, 1525 Zhongshan West Road, Shanghai, PRC at 1:30 p.m. on Thursday, May 25, 2017 were published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

A reply slip and a proxy form to be used at the AGM were also published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk). If you are eligible and intend to attend the AGM, please complete and return the reply slip in accordance with the instructions printed thereon on or before Friday, May 5, 2017. Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the AGM or any adjournment thereof and voting in person if you so wish.

The H Share register of members of the Company will be closed from Tuesday, April 25, 2017 to Thursday, May 25, 2017, both days inclusive, during which no transfer of shares will be registered. Only Shareholders of the Company whose names appear on the register of members of the Company on Friday, May 12, 2017 or their proxies or duly authorized corporate representatives are entitled to attend the AGM. In order to qualify for attending and voting at the AGM, all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, April 24, 2017.

6. RECOMMENDATIONS

The Directors consider that all of the aforesaid resolutions are in the interests of the Company and the Shareholders as a whole and accordingly recommend you to vote in favor of all of the said resolutions to be proposed at the AGM.

Biographical details of the candidates for Directors of the tenth session of the Board:

The Hong Kong Institution of Engineers; Fellow of The Institution of Mechanical Engineers, Fellow of the Institution of Gas Engineers & Managers and Fellow of The Energy Institute of the United Kingdom.

Mr. Chan received the Executive Award under the DHL/SCMP Hong Kong Business Awards in December 2005, the Director of the Year Awards — Listed Companies (SEHK — Hang Seng Index Constituents) Executive Directors from The Hong Kong Institute of Directors in November 2006, the Leadership Award in Gas Industry Award 2015 from the Institution of Gas Engineers & Managers and the Energy and Utilities Alliance of the United Kingdom. In October 2015 and October 2016, Mr. Chan was continuously named as one of the 100 Best-Performing CEOs in the World in 2015 and in 2016 by Harvard Business Review. In December 2015, Mr. Chan was honored with the Hall of Fame presented by The Hong Kong Institution of Engineers for his outstanding contributions to the engineering profession and the community.

(iii) Mr. Cheung Yip Sang — Non-executive Director

Mr. Cheung Yip Sang 張葉生 (''Mr. Cheung''), aged 51, is the vice chairman of ENN Energy Holdings Limited (''ENN''), a company listed on the Hong Kong Stock Exchange (stock code: 2688) since March 2014. Mr. Cheung joined the group of ENN in 1998, was appointed as an executive director since April 2002 and chief executive officer since March 2010.

Mr. Cheung graduated from The Chinese People's Armed Police Force Academy with a bachelor's degree in Legal Studies and received an executive master's degree in business administration from the Peking University in 2006.

Mr. Cheung was named as one of the ''Asia's Best CEOs (energy area)'' by Institutional Investor in July 2012. He was also accredited as one of the ''Excellent Private Entrepreneurs of Hebei Province in the year of 2013* (2013年 北省 秀民 企業家)'' in May 2014.

(iv) Mr. Wang Kaiguo — Independent Non-executive Director

Mr. Wang Kaiguo 王開國 (''Mr. Wang KG''), aged 58, worked successively as deputy head of application department* (應用科室), chief of division of politics and laws, department of policies and regulations* (政策法規司政法) and deputy director of Research Institute of Administrative Bureau of State-owned Property* (國家國 資產管理局科研所) from July 1990 to February 1995. He also served successively and/or simultaneously as deputy general manager, general manager, chairman of board of directors, secretary of party group* (黨組書記) and secretary of party committee* (黨 書記) of Haitong Securities Limited* (海 證 限 司) from February 1995 to December 2001. Mr. Wang KG served as chairman of board of directors and secretary of party committee* (黨 書記) of Haitong Securities Company Limited* (海 證 股 限 司) from December 2001 to July 2016. Mr.

Wang KG served as an independent director of Shanghai Chlor-Alkali Chemical Co., Ltd.* (海 鹼化工股 □限 司), a company listed on SH Exchange (stock code: 600618) from December 2009 to December 2014.

Mr. Wang KG obtained a bachelor's degree in economics from Jilin University* (吉□大學) in July 1984 and a master's degree in economics from the same university in July 1987. Mr. Wang KG received his PH.D. in economics from Xiamen University* (門大學) in May 1992.

Mr. Wang KG was granted the title of senior economist by Bank of Communications Ltd. Expertise Qualification Review Committee, Economic and Accounting Series* (交□銀行經濟□計系 高級 業技術□務評審 員□) in December 1997.

Mr. Wang KG was selected as ''the Best Head of Listed Company* (□佳 市 司掌門)'' by the ninth Hexun.com China Financial Billboard* (和訊網 國財經風雲榜) in January 2012, won the title of ''the Most Influential Leader* (□ 影響 領袖)'' in China Securities Golden Bauhinia Award held by Ta Kung Pao in November 2012. He was also awarded as ''Top 100 Business Leader of China Listed Company* (國 市 司百強企業領袖獎)'' by China Business Top 100* (國 市 司百強高 論壇) in September 2014, and ''the Most Strategic Chairman* (□ 戰略眼 董 長)'' of Round Table Award* (金圓桌獎) held by Directors & Boards Magazine* (《董 □》 誌) in November 2014.

(v) Mr. Wang Hongxiang — Independent Non-executive Director

Mr. Wang Hongxiang 王鴻祥 (''Mr. Wang HX''), aged 61, was a teacher of Department of Accounting, Shanghai University of Finance and Economics* (海財經大學) from August 1983 to November 1998, and the deputy chief accountant of Shenergy (Group) Company Limited* (申能(集團)□限 司) from December 1998 to October 2016. Mr. Wang HX has served as a director of Haitong Securities Company Limited* (海□證 股 □限 司

Mr. Wang HX was accredited as a non-practising member by Shanghai Institute of Certified Public Accountants* (海市註 □計 協□) in August 1995. And he was granted the title of senior accountant by Shanghai Expertise Qualification Review Committee, Accounting Series* (海市□計系 高級 業技術職務 職資格評審 員□) in October 2015.

(vi) Mr. Liu Zhengdong — Independent Non-executive Director

Mr. Liu Zhengdong、 正□ (''Mr. Liu''), aged 47, is currently the managing partner of Shanghai Junyue Law Firm* (海市君悦律 務所). Mr. Liu had served as an

cy a□ lisited), nhestockn 0.0206i) from p

Biographical details of the proposed Supervisors of the tenth session of the Supervisory Committee are as follows:

(i) Mr. Yang Jicai — Supervisor

Mr. Yang Jicai 楊繼才 (''Mr. Yang JC''), aged 59, joined the Company in May 2004 and is currently an executive Director of the ninth session of the Board appointed on May 19, 2011. He served as assistant to chief executive officer of the Company from May 2004 to May 2005 and has been the vice general manager of the Company since August 2005. Mr. Yang JC served as director of China United Travel Company Limited (國 聯合股 □限 司) (Shanghai A share listed; stock code: 600358) from December 1998 to April 2005. He graduated from Shanghai Medical Devices College* (海醫療器械工業 科學) (currently known as Shanghai Health Medical College* (海健 醫學)) in July 1981, majoring in machinery. Mr. Yang JC graduated from Shanghai Administrative Management Leader College* (海市行政 理 □學) (currently known as Shanghai Administrative College* (海行政學)) in July 1990, majoring in administrative management. He completed the master course in international economy and trade and investment environment from East China Normal University (華□ 範大學) and graduated in July 1997.

As at the date of this circular, by virtue of the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Mr. Yang JC is deemed to be directly interested in a total of 500,306 A Shares.

(ii) Ms. Zhao Fei — Employee Representative Supervisor

Ms. Zhao Fei 趙飛 (''Ms. Zhao''), aged 38, joined our company in February 2004 and was appointed as secretary to the Board in June 2015. She is currently a joint company secretary of the Company. She has been a legal staff of the Company and has been the manager of our legal department since March 2014. She was further promoted as secretary to the Board on June 18, 2015. Ms. Zhao was the in-house legal assistant of Dazhong Transportation (Group) Co., Ltd.* (大眾交□(集團)股 □限 司) from July 2000 to December 2003. Ms. Zhao passed the PRC judicial exam and received the qualification of legal profession (法律職業資格證) by Ministry of Justice of the People's Republic of China (華 民 和國司法□) in February 2007. Ms. Zhao obtained a bachelor degree in law from Shanghai University of Finance and Economics (海財經大學) in July 2000 and a master degree in law from Fudan University (復旦大學) in January 2011.

As at the date of this circular, by virtue of the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Ms. Zhao is deemed to be directly interested in a total of 50,000 A Shares.

Details of the proposed amendments to the Articles of Association* are as follows:

Article 6:

Current Article 6	Proposed Amended Article 6
The registered capital of the Company is RMB[●].	The registered capital of the Company is RMB2,952,434,675.

Article 24:

Current Article 24	Proposed Amended Article 24
Upon the issuance of H shares and before the exercise of the over-allotment option, the share capital structure of the Company was the total number of issued ordinary shares was 2,902,704,675 shares, among which: Shanghai Dazhong Business Management (the largest shareholder) held 495,143,859 shares; Shanghai Gas Group (the second largest shareholder) held 158,674,147 shares; the	

Article 148:

Current Article 148	Proposed Amended Article 148
The Board of Directors shall be composed of 11 Directors and shall have one (1) chairman and four (4) independent directors. One (1) to two (2) vice chairmen can be appointed.	The Board of Directors shall be composed of 13 Directors and shall have one (1) chairman and five (5) independent directors. One (1) vice chairman can be appointed.

* The Articles of Association and its amendments were originally drafted in Chinese and there was no official English version. Therefore, any English translation is for reference only. In case of any discrepancies, the Chinese version shall prevail.