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上海大眾公用事業（集團）股份有限公司

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

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

(Stock Code: 16 5)

OVERSEAS REGULATORY ANNOUNCEMENT
ANNOUNCEMENT REGARDING
THE CHANGES IN ACCOUNTING POLICIES

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On August 29, 2017, Shanghai Dazhong Public Utilities (Grou

II. Details and Implications

1. Cause and content of change in accounting policy

In accordance with the relevant requirements under the *Accounting Standards for Business Enterprises No. 16: Government Grants* promulgated by the Ministry of Finance on May 10, 2017, the Company shall recognize or write down government grants related to its daily business activities in other income or against the relevant costs and expenses based on the nature of economic businesses, which shall be separately presented as an item of ''other income'' above ''operating income'' on the statement of profit or loss, thus government grants recognized in other income shall be reflected as an item of ''other income'', and government grants irrelevant to its daily business activities shall be recognized in non-operating income and expenses.

2. Accounting policy adopted prior to the change

Prior to change to the accounting policy, the Company applied the *Accounting Standards for Business Enterprises No. 16: Government Grants* promulgated by the Ministry of Finance on February 15, 2006.

3. Accounting policy adopted subsequent to the change

Subsequent to change to the accounting policy, the Company shall apply the revised *Accounting Standards for Business Enterprises No. 16: Government Grants* (Fiscal Accounting 2017 No. 15) promulgated by the Ministry of Finance on May 10, 2017, pursuant to which, the prospective approach will be applied to government grants existing prior to January 1, 2017, and adjustments shall be made to government grants newly approved during the January 1, 2017 and the date of application.

4. Date of change

The change will take effect from June 12, 2017.

5. Major contents of change to accounting policy and its impact on the Company

Contents of accounting policy and causes	Affected names and amounts on the statement
Government grants related to the Company's daily business activities are recognized in other income rather than non-operating income and expenses.	From January to June, 2017, amounts of other income increased by RMB2,315,662.79, while amounts of non-operating income decreased by RMB2,315,662.79.
Some government grants relevant to revenue are written down against the relevant costs and expenses	From January to June, 2017, amounts of taxes and surcharges decreased by RMB968,877.93, while amounts of non-operating income decreased by RMB968,877.93.

III. Conclusive Opinions from Independent Directors and Supervisory Committee

The Independent Directors believe that the financial position, operating results, and cash flow of the Company for the period from January to June, 2017 will not be materially affected by the corresponding change to the accounting policy of the Company in accordance with the revised *Accounting Standards for Business Enterprises No. 16: Government Grants* circulated by the Ministry of Finance, nor is any retrospective adjustment related to previous years. The decision-making procedure of the Company regarding change to the accounting policy is in compliance with the requirements under the relevant laws, regulations, and the *Articles of Association*, which does not prejudice the interests of the Company and the shareholders as a whole, in particular the minority shareholders. Therefore, the Independent Directors approved the change to the accounting policy of the Company.

The Supervisory Committee believe that the change to the accounting policy was reasonably made in accordance with the specific requirements under the *Accounting Standards for Business Enterprises No. 16: Government Grants* (Fiscal Accounting 2017 No. 15) revised by the Ministry of Finance. The ar 2603.584(-n)-.863(F)-27.3014(i)-25.4

IV. Documents Available for Inspection

1. the resolution at the third meeting of the tenth session of the Board of the Company

2. the resolution at the third meeting of the tenth session of the Supervisory Committee of the Company

3. the independent opinions by the Independent Directors on the change to the accounting policy of the Company

By order of the Board of Directors