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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)

RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

The Board of Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (the •CompanyŽ) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2018. This announcement, containing the full text of the 2018 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of the interim results. Printed version of the Company•s 2018 Interim Report will be sent to shareholders of H Shares of the Company and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at www.dzug.cn on or before 28 September 2018.

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

Shanghai, the People•s Republic of China
30 August 2018

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

* For identification purposes only



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(瑞鈞) (胡軍)
( )

No.

The forward-looking statements in this report such as future plans and development strategies do not constitute an actual commitment of the Company to investors. Investors should be aware of the investment risks.

No.

No.

The report contains the description of the possible risks related to the Company. Please refer to "Report of the Board of Directors — Discussion and Analysis of Operation — Potential Risks".

Unless otherwise illustrated in this report, the currency for amounts herein is RMB. Certain amounts and percentage numbers in this report have been rounded. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

This report is prepared in Chinese and English, respectively, and the English version shall prevail if any ambiguities arise from the understanding of the Chinese and English texts.

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Unless otherwise stated in context, the following terms should have the following meanings in this report:

"2017 AGM"	the annual general meeting of the Company convened on May 17, 2018
"Articles of Association"	the articles of association of the Company, as amended from time to time
"A Share(s)"	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"Board"	the board of directors of the Company
"BOT"	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
"BT"	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
"CG Code"	Corporate Governance Code and Corporate Governance Report, as set out in Appendix 14 of the Hong Kong Listing Rules
"China" or "PRC"	the People's Republic of China. References in this interim report to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (上海大眾公用事業(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 1, 1992
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Dazhong Commerce"	Shanghai Dazhong Transportation Commerce Co., Ltd.* (上海大眾交通商務有限公司), a limited liability company incorporated in the PRC on June 25, 2008

**Notes: For identification purpose only*

DEFINITIONS

"Dazhong Financial Leasing"	Shanghai Dazhong Financial Leasing Co., Ltd.* (上海大眾融資租賃有限公司)
"Dazhong Gas"	Shanghai Dazhong Gas Co., Ltd.* (上海大眾燃氣有限公司) (formerly known as South Shanghai Gas Co., Ltd.* (上海燃氣市南銷售有限公司)
"Dazhong Hong Kong"	Dazhong (Hong Kong) International Corporation Limited (大眾(香港)國際有限公司)
"Dazhong Jiading Sewage"	Shanghai Dazhong Jiading Sewage Co., Ltd.* (上海大眾嘉定污水處理有限公司)
"Dazhong Transportation"	Dazhong Transportation (Group) Co., Ltd.* (大眾交通(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC on June 6, 1994, whose A shares (Stock Code: 600611.SH) and B shares (Stock Code: 900903.SH) have been listed on the Shanghai Stock Exchange since August 7, 1992
"Director(s)"	the director(s) of the Company
"Fund"	Shanghai Huacan Equity Investment Fund Partnership (上海華璨股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC in November 2016 in accordance with the PRC Partnership Law (《中華人民共和國合夥企業法》)
"Group"	the Company and its subsidiaries
"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 Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Share(s)"	overseas listed foreign share(s) in the Company's registered share capital, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
"Jiangsu Dazhong Water"	Jiangsu Dazhong Water Group Co., Ltd.* (江蘇大眾水務集團有限公司)
"Jiangyin Tianli"	Jiangyin Tianli Gas Co., Ltd.* (江陰天力燃氣有限公司)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"Nantong Dazhong Gas"	Nantong Dazhong Gas Co., Ltd.* (南通大眾燃氣有限公司)

**Notes: For identification purpose only*

"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"PPP"	public-private-partnership (政府和社會資本合作模式)
"Reporting Period"	the six months ended June 30, 2018
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
"Shanghai Dazhong Business Management"	Shanghai Dazhong Business Management Co., Ltd.* (上海大眾企業管理有限公司), a limited liability company incorporated in the PRC on March 10, 1995 and the substantial shareholder of the Company
"Shanghai Gas Group"	Shanghai Gas (Group) Co., Ltd.* (上海燃氣(集團)有限公司)
"Shanghai Huiran"	Shanghai Huiran Investment Co., Ltd.* (上海慧冉投資有限公司)
"Shanghai Ruyu"	Shanghai Ruyu Energy Investment Co., Ltd.* (上海儒馭能源投資公司)
"Shenzhen Capital"	Shenzhen Capital Group Co., Ltd.* (深圳市創新投資集團有限公司)
"Suchuang Gas"	Suchuang Gas Corporation Limited* (蘇創燃氣股份有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1430)
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company

Notes: For identification purpose only

Corporate Information

Executive Directors

Mr. Yang Guoping (楊國平) *(Chairman)*
Mr. Liang Jiawei (梁嘉瑋) *(Chief Executive Officer)*
Ms. Yu Min (俞敏)
Mr. Zhuang Jianhao (莊建浩)
Mr. Yang Weibiao (楊衛標)

Non-executive Directors

Mr. Chan Wing Kin (陳永堅)
Mr. Li Songhua (李松華)
Mr. Cheung Yip Sang (張葉生)

Independent Non-executive Directors

Mr. Wang Kaiguo (王開國)
Mr. Yao Cho Fai Andrew (姚祖輝)
Mr. Chow Siu Lui (鄒小磊)
Mr. Wang Hongxiang (王鴻祥)
Mr. Liu Zhengdong (劉正東)

Supervisory Committee

Mr. Yang Jicai (楊繼才) *(Chairman)*
Ms. Zhao Siyuan (趙思淵)
Ms. Zhao Fei (趙飛)

Audit Committee

Ms. Zhao Fei (趙飛)
Ms. Chen Chun (陳淳)

Nomination Committee

Mr. Liang Jiawei (梁嘉瑋)
Ms. Chen Chun (陳淳)

Remuneration and Appraisal Committee

Mr. Wang Hongxiang (王鴻祥) *(Chairman)*
Mr. Yao Cho Fai Andrew (姚祖輝)
Mr. Chow Siu Lui (鄒小磊)

Strategy Committee

Mr. Yao Cho Fai Andrew (姚祖輝) *(Chairman)*
Mr. Yang Guoping (楊國平)
Mr. Liu Zhengdong (劉正東)

Risk Management Committee

Mr. Wang Kaiguo (王開國) *(Chairman)*
Mr. Yang Guoping (楊國平)
Mr. Yao Cho Fai Andrew (姚祖輝)

Registered Office

318 Shangcheng Road
Pudong New Area
Shanghai
PRC

Principal Place of Business in the PRC

8/F, Dazhong Building
1515 Zhongshan West Road
Shanghai
PRC

Principal Place of Business in Hong Kong

Room 8204B, 82/F
International Commence Centre
1 Austin Road West
Kowloon
Hong Kong

Company Secretary

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

Stock Code

DZUG

Stock Exchange Listing

A Share: Shanghai Stock Exchange
Stock Code: 600635
H Share: The Stock Exchange of Hong Kong Limited
Stock Code: 1635

Domestic Share Registrar

China Securities Depository & Clearing
Corporation Limited (CSDCC) Shanghai Branch
China Insurance Building
166 East Lujiazui Road
Pudong District
Shanghai, China

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Website

www.dzug.cn

Unit: RMB'000

			(%)
Operating revenue	2,689,753	2,480,420	8.44
Net profit attributable to shareholders of listed company	126,065	202,735	-37.82
Net profit attributable to shareholders of listed company, net of non-recurring profit or loss	117,765	197,607	-40.40
Net cash flows from operating activities	64,526	445,482	-85.52

			(%)
Net assets attributable to shareholders of listed company	7,009,935	7,184,577	-2.43
Total assets	19,784,276	20,400,001	-3.02

			(%)
Basic earnings per share (RMB per share)	0.04	0.07	-42.86
Diluted earnings per share (RMB per share)	0.04	0.07	-42.86
Basic earnings per share (RMB per share), net of non-recurring profit or loss	0.04	0.07	-42.86
Weighted average return on net assets (%)	1.76	2.82	decreased by 1.06 percentage points
Weighted average return on net assets (%), net of non-recurring profit or loss	1.65	2.75	decreased by 1.10 percentage points

Factors affecting the Group's business and profit during the reporting period:

Net profit recorded decrease during the Reporting Period was mainly because revenue from venture capital platforms in which we withdrawn investment during the Period decreased when compared with the corresponding period of last year, resulting in the decrease in the Company's investment gains for the current period as compared with the corresponding period of last year; The primary reason for the decrease in the net cash flows from operating activities was the increase in the payment for gas purchases settled by the Company's gas-fired enterprises in the first half of 2018 as compared with the corresponding period of last year.

Unit: RMB'000

Prepared in accordance with the China Accounting Standards	126,065	202,735	7,066,101	7,240,743
Item and amount of adjustment in accordance with the International Accounting Standards:				
Outstanding shares under share reform	–	–	(36,166)	(36,166)
Prepared in accordance with the International Accounting				

Unit: RMB'000

		( )
Gain or loss on disposal of non-current assets	1,131	N/A
Tax refunds, reductions or exemption without authorised approval or without official approval documents or on an occasional basis	–	N/A
Government grants recognized in profit or loss of the current period, excluding those closely related to the normal operation of the Company and granted on an ongoing basis in fixed amount or fixed quota in accordance with government policies and regulations	2	N/A
Finance charges from non-financial enterprises recognized in profit or loss of the current period	–	N/A
Gains from the difference between investment costs for acquisition of subsidiaries, associates and joint ventures and the shares of the fair value of identifiable net assets acquired	–	N/A
Profit or loss from exchange of non-monetary assets	–	N/A
Gain or loss from entrusted investments or asset management	–	N/A
Provision for impairment of assets due to force majeure such as natural disasters	–	N/A
Profit or loss from debt restructuring	–	N/A
Corporate restructuring costs, such as employee layoff expenses and integration costs	–	N/A
Profit or loss representing the difference between the unfair transaction consideration and the fair value of the transaction	–	N/A
Net profit or loss of fellow subsidiaries from the beginning of the current period to the date of acquisition	–	N/A
Profit or loss from contingencies unrelated to the Company's ordinary operations	–	N/A

Unit: RMB'000

		( )
Profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment gain from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than effective hedging business in the ordinary operations of the Company	10,578	N/A
Reversal of the provisions for impairment of receivables subject to individually impairment test	–	N/A
Profit or loss from external entrusted loans	–	N/A
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement	–	N/A
Adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting	–	N/A
Fees income from custodian business	–	N/A
Non-operating income and expense other than the above items	1,785	N/A
Other profit and loss items falling within the meaning of non-recurring profit and loss	–	N/A
Effects of minority interests	(2,664)	N/A
Effects of income tax	(2,532)	N/A
Total	8,300	N/A

Major performance drivers: With the continuing urbanization, continuous inflow of urban population, tighter environmental regulatory policies and continuous enhancement of environmental protection standards, each wastewater treatment plants continuously carried out renovation in response to the government's requirements and actively increased their capacity. The municipal governments would procure service from such companies in public procurement model, and make payment according to actual processing amount and the unit service price approved by local financial bureau,construction bureau and water authorities.

(3) Urban transportation

The transportation service business of the Company mainly focused on the comprehensive transportation, which is operated by Dazhong Transportation, a subsidiary of the Company. It mainly primarily engages in the development of taxi operation, car rental and other market segments, and provides comprehensive transportation and ancillary services such as taxi, car rental, service, logistics and tourism. Dazhong Transportation has over ten thousands vehicles, including taxi, rental car, logistics vehicles and tourist bus, among which the number of taxi representing around 17% of the total number of taxi in Shanghai city.

The taxi operation business of Dazhong Transportation is mainly under subcontraction in Shanghai and mainly under rental and callings of cars outside Shanghai. At the same time, in response to the effects of internet model on traditional taxi industry, leveraging on the advantage of Dazhong brand, Dazhong Transportation launched the "Dazhong Chuxing" (大眾出行) platform to provide regular online car hailing services. The car rental business of Dazhong Transportation mainly includes long term and short term rent. Under the operation model, the Company will purchase vehicles and licenses and provide external car rental service in an integrated way.

Major performance drivers: The Company put great efforts in the development of corporate car rental segment in urban transportation business, actively explored the "+ Internet" model in traditional taxi industry, and became the first taxi company in China which obtained the legal and compliant qualification for operation of online car hailing platform, so as to improve its ability in provision of comprehensive urban transportation services.

(4) Infrastructure investment and operation

The current infrastructure investment project operated by the Company is the Xiangyin Road tunnel in Shanghai invested, constructed and operated under BOT arrangement. The Company provides operation maintenance and protection services for the project, and the Shanghai government provides ongoing special subsidy to the Company as investment payback and return.

Major performance drivers: The Company further increases its revenue through continuous improvement of project management standard to seek new infrastructure investment projects.

2. Financial Venture Capital Business

(1) Financial services

During the Reporting Period, the Company wholly owned or majority owned a number of financial service companies of different types, which are mainly engaged in financial leasing, pre-paid cards and etc. Financial leasing is an important complement of traditional banking facilities and equity financing as well as an effective link between SMEs in real economy and financial industry; the Company's pre-paid cards business of "Dazhong e-Card (大众e通卡)" covers consumption scenarios of basic necessities of life and online shopping, which provides convenience to the daily payment.

Major performance drivers: The Company strengthens its ability to observe and extrapolate the industry development trend. Besides, the Company continuously improves the financial service standards and identifies quality customers to improve its profitability.

(2) Venture capital business

The venture capital business of the Company is mainly classified as investments in venture capital enterprises and direct investments. There are three major venture capital platforms invested by the Company, which are Shenzhen Capital, Shanghai Huacan Equity Investment Fund Partnership (Limited Partnership) and Shanghai Xingye Venture Capital Co., Ltd.

Major performance drivers: The Company increases the revenue from venture capital business by strengthening the investment, management and exit ability of platform companies and funds, while enhancing the ability of its internal investment team, making adjustments to its pace of investment, making judicious decision and implementing risk control to improve the profitability of direct investment business.

1. Gas Industry

During the first half of 2018, the development environment for the natural gas industry has picked up, demonstrated by its fast increase of the supply and consumption. Meanwhile,

On May 25, 2018, the NDRC announced the "Circular on Straightening the Gas Station Price of Natural Gas Used for Residential Purpose (《關於理順居民用氣門站價格的通知》)", which requires that the administration of the price shall be changed from the administration at the highest station price to the administration at the benchmark station price, with the price determined with reference to the benchmark station price of gas used by non-residential consumers, and the supplier and purchaser can determine the specific station price through negotiation based on the benchmark station price within the range of upward adjustment of 20% and unlimited downward adjustment to be in line with the mechanism for the price of the gas used by non-residential consumers. Meanwhile, the seasonal price difference policy has been implemented to form a seasonal price difference system that sensitively reflects hasnis5(ng)0.esusedierydddhirefl3.214 impwaheco[(k)7.etison of thenral Gas usece of acrosse seaial rm t(linen lothun. In mun o palvelthasu)TjStatged hai purChothq th,haasu thahadjulrondyj0.035 T2 0.089

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The 13th Five-Year Plan induces a huge room for water treatment, and the urban and rural wastewater treatment markets will focus on different development directions. At present, the ratio of national urban wastewater treatment is almost saturated, which is very close to the target of 13th Five-Year Plan of 9 5%. The key focus on urban wastewater treatment has changed from "quantity" to "quality". The estimated total investment of urban wastewater treatment during 13th Five-Year period was RMB 564.4 billion, among which, the investment of construction and renovation of sewer system was totally RMB312.9 billion, accounted for 55.44%, and investment of the upgrading and reconstruction of wastewater treatment facilities reached to RMB43.2 billion. It is found that key focus on urban wastewater treatment of the government is to phase out backward production capacities and i Tuces asaci manageroom fe ratiblocuckent, 23qnkyhe urba 5atment has

3. *Urban Transportation Industry*

In 2018, car rental segment remain depressed as policy barriers were still unbroken and hindered the establishment of the market mechanism for transportation price. Although administrative measures on online taxi had been successively implemented in cities and brought improvement to an orderly market, there were still many platforms engaged in illegal operation. As a result, car rental segment in 2018 still face dual challenges from labour resource and operational efficiency.

At the 2018 National Transportation Work Conference, 12 major tasks was proposed, which includes but not limited to deepening the supply-side structural reform, accelerating the building of a modern comprehensive transportation system, speeding up the development of innovative transportation industry and accelerating the development of green transportation. According to the Reply from the State Council in respect of the Development of Shanghai under Master Plan for Shanghai City (《國務院關於上海市城市總體規劃的批復》

4. Infrastructure Investment, Construction and Operation industry

The economic development of the PRC has entered the new norm and the growth pace of

In recent years, third party mobile payment industry experienced rapid growth, with annual trading volume in China increased from RMB1.3 trillion in 2013 to RMB109 trillion in 2017 and growth rate of the transaction scale in 2017 amounted to 208%. Propelled by huge

Not applicable.

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"Dazhong" is a well-known trademark in Shanghai with a strong intangible asset advantage in public utility industry with wide customer base and brand recognition. "Dazhong" is a brand approved for use in 1994. Since 1999, the "Dazhong" trademark has been recognized as a famous trademark in Shanghai for six consecutive years. "Dazhong" 's core brands, namely "Dazhong Taxi", "Dazhong Gas", "Dazhong Lease" and "Dazhong Logistics" maintain the market leading positions in terms of market share and operating results. "Dazhong" brand is a leading brand in the public utility industry and has become the highlighted advantage of core competitiveness of the enterprise, laying solid foundation for "Dazhong" to become a centuries-old enterprise. To maintain the influence of "Dazhong" brand in the market, the Company continues to strengthen its brand influence and market competitiveness by continuously improving service quality.

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Shanghai had a gross domestic product of approximately RMB3,013.3 billion in 2017, representing an increase of 9.71% as compared with last year, which ranked first among all cities in China. As a major public utility service provider in Shanghai with a long-established and prominent brand, the Company has contributed to, and benefit from, the exponential economic growth of Shanghai in the last three decades. In 1991, the Company established taxi operations in Shanghai. Since 2001, the Company made the conversion of piped gas delivery infrastructure from coal gas to natural gas in Shanghai. The Company further expanded its public utility business into wastewater treatment and the public infrastructure industries since 2003. These projects are part of public welfare and economic development plans implemented by the Shanghai government, which have brought significant social benefits to the local residents and enhanced the Company's brand image. The success of the Company's public utility operations in Shanghai served as a foundation for further expansion of its operations. The Company's extensive operational experience enabled it to expand and quickly ramp up its operations in Eastern China. The Company believes it is well-positioned to leverage its leading industry position and market reputation in Shanghai to continue to capitalize on the future development of Shanghai.

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The public utility industry is closely related to the daily life of residents, therefore, it will not be highly affected by economic cycle. During the economic adjustment period, the capital market will usually regard public utility industry as an industry with higher defensiveness. The Company also engages in gas business, urban transportation business, sewage treatment and municipal construction business, as they may involve laying of pipeline network or national economy and people's livelihood as well as operation and development of cities, it is regarded as monopolistic and irreplaceable.

The Company has been engaging in public utility industry for more than 20 years, and it has accumulated extensive experience in operation and management. Its management members and talents are professional and experienced, thus providing strong guarantee for the Company's

2018 was the second year for the Company to become an A+H listed company and also a key year for the Company to steadily develop into a new stage. By adhering to the development strategy of "simultaneous development of public utility and financial investment", the Company paid attention to public utility investment, based on enhancing and upgrading internal management level, oriented at optimizing outbound investment project and took advantages from centralized capital use benefit, so as to continuously advance the implementation of various key works such as the completion of new projects for primary public utility business, optimization of outbound investment project model, enrichment of financing channels and capital intensive management.

During the Reporting Period, the Company recorded a total revenue of RMB2,689,753 thousand, increasing by 8.44% as compared to the corresponding period of last year. Net profit attributable to equity holders of listed company was RMB126,065 thousand, decreasing by 37.82% as compared to the corresponding period of last year.

1. The subsidiary of the Company, Dazhong Transportation, has responded actively to fierce market competition. It constantly adapts to new requirements proposed by investment upgrade and

3. Projects in the environment and infrastructure segment are all under stable operation. In the first half of 2018, the construction and competition inspection of Jiading sewage plant major upgrading project which commenced in April 2017 has been completed, after which the plant has formally started to operate under A+ standard and its sewage treatment quality have both improved significantly. In the first half of 2018, Jiangsu Dazhong Water has attached significant importance to compliance governance, viewing discharging standard as enterprise lifeline, cost control as the key to improve the Company's operating efficiency and project development as the most important approach to expand its scale. Under the keen competition, Jiangsu Dazhong has successfully won the bid for Xuzhou Qingshanquan sewage plant project. Xiangyin Road tunnel project operated with high efficiency and recorded stable concession income.

4. As for financial investment segment, in the first half of 2018, Dazhong Financial Leasing further improved the standard for identifying potential customers and leveraging its leading position in the industry, strived to enhance its continuous marketing activities towards high quality customers. With such efforts, incremental investment and revenue of Dazhong Financial Leasing both hit record high and it has formally connected to the credit system of the People's Bank of China (the "PBOC"). Dazhong Commerce actively implemented various requirements from the PBOC and Payment & Clearing Association of China, and in doing so, it promoted stable increase of sales, developed withholding business, improved the performance of e-commerce platform, explored acceptance market and promoted technology development and product upgrading. In the first half of 2018, investment platforms and projects in which the Company invests or holds equity interests all reported satisfactory performance and for some of them, the Company has completed equity transfer and investment exit.

5. We strengthened our financial and fund management. During the first half of 2018, the Company continuously promoted the improvement of its overall financial and fund management by actively pushing forward the construction of fund pool to establish a unified fund management system and enhancing the supervision on the revenue and expenditure to use fund more efficiently. The Company achieved breakthroughs in credit rating. The credit rating of the Company has been improved from AA+ to AAA together with a stable rating outlook. The credit rating of various bonds issued by the Company also has been improved from AA+ to AAA.

6. We actively pushed forward informatization construction to optimize the Company's strategic management and control. During the first half of 2018, the Company carried forward its informatization construction guided by two principles of "strategic synergy" and "strategic management and control". In order to build a "big data" application and analysis platform, the phrase I of the ECC Project (Enterprise Centralized Control Center Construction Project) has been launched, which achieved a display function for the Company's core business and the infrastructure construction for the Company's core data analysis and decision making. Leveraging on the advanced "cloud services" technology, an enterprise-level cloud coordination mobile portal has been used across the Company to further consummate the Company's informationized strategic management and control. The Company has preliminarily achieved the platformization of its business system and the integration of business and finance. The Company also further optimized the information system for the labor cost's budgets and final accounts of the Company, its wholly-owned and holding subsidiaries.

7. We strengthened safety awareness and enhanced safe management level. The Company attached great emphasis on safe production by upholding a principle of "Safety First, Focusing on Prevention and Comprehensive Management" and establishing a sound system of responsibility in safe production. In the first half of 2018, under the guidance of the Company's steering group on safety production, the Company signed the letter of responsibility for safety production of the year with its subsidiaries during the first half of this year to supervise and urge subsidiaries to conduct self-checking and correction work, thus no incidents of safety production occurred during the first half of 2018.

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1 Analysis of changes in related items of financial statements

Unit: RMB'000

			(%)
Operating Revenue	2,689,753	2,480,420	8.44
Operating cost	2,291,067	2,035,448	12.56
Selling expenses	87,938	79,997	9.93
Administrative expenses	166,323	185,131	-10.16
Finance expenses	148,246	94,936	56.15
Net cash flows generated from			

1. Assets and liabilities

Unit: RMB'000

		(%)		(%)	(%)	
Lease receivables	1,014,056	5.13	729,022	3.57	39.10	Develop finance lease business of subsidiaries
Cash and cash equivalents	2,595,514	13.12	4,912,508	24.08	-47.17	Mainly due to repayment of corporate bond (11 Hu Dazhong) amounting to RMB1.6 billion at the beginning of the year and increased external investment for the current period
Corporate bonds and short-term bonds payable	1,036,099	5.24	2,609,653	12.79	-60.30	Mainly due to repayment of corporate bond (11 Hu Dazhong) amounting to RMB1.6 billion at the beginning of the year
Other payables	1,679,827	8.49	836,597	4.10	100.79	Mainly due to increase of receivables and payables
Borrowings	1,133,324	5.73	827,882	4.06	36.89	Mainly due to increased long-term borrowing for developing finance lease business of subsidiaries
Corporate bonds and medium-term bonds payable	1,592,284	8.05	1,092,799	5.36	45.71	Mainly comprise new corporate bond (18 Gongyong 01) amounting to RMB500 million

2. Restriction of major assets as of the end of the Reporting Period

Please refer to notes 24 and 25 of the financial statements of the interim report.

*Notes: For identification purpose only

1. Overall Analysis of External Equity Investment

(1) Material Equity Investment

Unit: 0'000 Currency: RMB

			(%)				
Shanghai Dazhong Run Logistics Shares Co., Ltd. (上海大眾運行物流股份有限公司)	General freight, etc.	9,600	80	9,600	self-financing	Long term	N
Beijing Aiqi Ruidong Investment Management Center (Limited Partnership) (北京愛奇瑞東投資管理中心(有限合夥))	Investment management; asset management; project investment	2,000	9.43	2,000	self-financing	Long term	N
Shanghai Ruyu and Shanghai Huiran (上海儒馭、上海慧冉)	Industrial investment, management consulting, business information consultancy	43,118.44, 21,085.78	100 49	64,204.22	self-financing	Long term	N
Dazhong Transportation (Group) 負責 Ltd. (大眾交通(集團)股							

1. On March 29, 2018, the Company entered into the Shanghai Assets and Equity Exchange Contract with Shanghai Dazhong Business Management and Shanghai Yiyang Landscaping Co., Ltd.* (上海怡陽園林綠化有限公司) to acquire 61.67% and 18.33% equity interests in Shanghai Dazhong Run Logistics Shares Co., Ltd.* (

1. *Risk of pricing policies*

The public utility business we engaged in focuses on both economic benefits and social welfare. The development and profit level of these businesses are subject to certain policy risks. The governments pricing model and pricing mechanism for gas price, wastewater treatment price and city taxi transportation price may affect the profitability of the Company

2. *Risk of raw material price fluctuation*

As a public utility enterprise, the Company has mass consumption of raw material in urban gas supply and environment and municipal infrastructure sectors, which is an important part of the operation cost of the Company, including gas sources, chemical agents and electricity. The supply and price of which would be affected by prevailing domestic and overseas market conditions and pricing policies of relevant authorities. The operation cost of the Company would be raised when the market volatility or change to policies occurred.

3. *Risk of financial credit*

If any individual and corporate customers are, subjectively or objectively, not able to perform their contractual obligations or responsibilities, the operating results, financial position and profitability of Company's proprietary financial service business (including finance leasing) may be adversely affected.

4. *Investment risk of financial investment business*

The Company adheres to the corporate development strategy of "simultaneous development of public utility and financial investment (公用事業和金融創投齊頭並進)" and actively promotes the financial investment business. As venture capital business is inherently

5. *Risk of overseas investment and exchange rate fluctuation*

The risk of overseas investment refers to the risks objectively existed, yet hard to be identified in advance in overseas investment environment for a certain period of time, which may lead to a loss and then failure in overseas investment, including political risk, cultural risk and market risk. Affected by domestic and foreign economic, political situations as well as the supply and demand of currencies, the exchange rates of RMB against other currencies in the future may be greatly different from the prevailing exchange rates, which would have

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

The Directors and Supervisors receive compensation in the form of fees, salaries, allowances and

On December 5, 2016, the Company completed the public offering of 478,940,000 H Shares (excluding overallotment) (comprising 435,400,000 new H Shares offered by the Company and 43,540,000 H Shares sold by the Selling Shareholders). The issue price under the public offering was HK$3.60 per H Share. The net proceeds (after deducting the underwriting fees and commissions, transaction levy and trading fee) received by the Company were approximately HK$1,444.5 million.

On January 9, 2017, the Company further completed the public offering of 54,703,000 additional H Shares (comprising 49,730,000 new H Shares issued and allotted by the Company and 4,973,000 H Shares sold by the Selling Shareholders) due to the partial exercise of the over-allotment options at the issue price of HK$3.60 per H Share. Additional net proceeds (after deducting the underwriting fees and commissions, transaction levy and trading fee) of approximately HK$175.0 million were received by the Company.

The number of new H Shares issued pursuant to the abovementioned issuances was 533,643,000 H Shares, with the total net proceeds amounting to approximately HK$1,619.5 million. As disclosed in the prospectus of the Company dated November 23, 2016, the Company intends to apply the net proceeds from the public offering for the follow purposes:

For investment in piped gas supply business, including the acquisition of equity interest in selected piped gas suppliers.	35%
For the expansion of the Group's wastewater treatment operations, including expansion and renovation of existing plants and potential acquisition of new plants or operations in connection with the PPP reform program.	30%
For investment in other public utility businesses.	25%
For funding the Group's working capital and other general corporate purposes.	10%

The total funds raised from the whole public offering and details of the use of proceeds are as follows:

HK$1,619.5 million	Please see above	HK$62.27 million utilised in accordance with the intended use as previously disclosed, for investment in piped gas supply business	HK$1,557.23 million will be utilised in accordance with the intended use as previously disclosed	No plans to use the remaining unutilised proceeds in the second half of 2018

The Group finances its liquidity requirements primarily through cash flow generated from operating activities and proceeds from interest-bearing bank loans, debt instruments and other borrowings. Its primary uses of cash include capital expenditures on property, plant and equipment, its financial investments, maintenance indebtedness and employ expenses.

As of June 30, 2018, the Group had total bank borrowings of approximately RMB3,758 million, which decreased by 2.03% from RMB3,836 million as of December 31, 2017.

The Group's long-term interest-bearing borrowings and short-term interest-bearing borrowings as of June 30, 2018 were RMB1,134 million and RMB2,624 million, respectively. For the maturity profile of the loans repayable of the Group as of December 31, 2017 and June 30, 2018, please refer to note 25 of the financial statements of this interim report.

For details of Corporate Bonds and Notes, please refer to the section headed "Particulars of Corporate Bonds".

As of June 30, 2018, the Group's gearing ratio was 58.53%, representing a decrease of 0.83 precentage points from 59.36% as of December 31, 2017.

(1) Gearing ratio is calculated by total debt divided by total equity at the end of the Reporting Period and multiplied by 100%. Total debt is defined as payables incurred not in the ordinary course of business.

2017 AGM	May 17, 2018	The Shanghai Stock Exchange www.sse.com.cn	May 18, 2018

1. Attendance of shareholders in the 2017 AGM and the respective numbers of shares are as follows:

Number of shareholder and proxy attending the meeting	22	1	23
Number of shares carrying voting rights held by the shareholders attending the meeting (Share)	654,645,837	17,156,000	671,801,837
Percentage of the shares carrying voting rights held by the shareholders attending the meeting among the total number of shares carrying voting rights of the Company (%)	22.1731	0.5811	22.7542

The meeting considered and approved resolutions including the work report of the Board of directors for the year 2017, the work report of the Board of Supervisors for the year 2017, the final financial report for the year 2017 and the financial budget report for the year 2018, the profit distribution proposal of the Company for the year 2017, resolution on the estimated ongoing ordinary related party transactions of the Company for the year 2018, resolution on the application of bank credit facilities of the Company, resolution on the proposal of the provision of guarantee for its controlled subsidiaries with respect to their external financing, resolution on the proposal for the Company and its subsidiaries to use idle funds for entrusted financing, resolution on the re-appointment of the domestic audit firm and internal control audit firm for the Company for the year 2018, resolution on the re-appointment of the overseas audit firm for the Company for the year 2018, resolution on the registration and issuance of super short-term commercial papers and short-term commercial papers, resolution on the registration and issuance of mid-term notes, resolution on the adjustment of independent directors' allowance, resolution on the amendment on the Articles of Association and the change on industrial and commercial registration. The general meeting was witnessed by lawyers of Jin Mao PRC lawyers (金茂凱德律師事務所) in person and documents with legal opinions were delivered. The legal opinions were that the meeting was lawful and valid.

( )

1. *Matters that have been disclosed in temporary announcements and have no developments or changes in subsequent implementation*

Not applicable.

2. *Matters that have been disclosed in temporary announcements and have developments or changes in subsequent implementation*

Shanghai Dazhong Gas, Nantong Dazhong and other subsidiaries of the Company acquired natural gas from and Shanghai Dazhong Gas leased an office premise from Shanghai Gas (Group), the second largest shareholder of the Company.	www.sse.com.cn (Lin No.2018-007)
Due to office operation needs, the Company leased office space from Shanghai Dazhong Building Co., Ltd. (上海大眾大廈有限責任公司) ("Dazhong Building").	www.sse.com.cn (Lin No.2018-007)

3. *Matters that have been not disclosed in temporary announcements*

Not applicable.

( )

1. *Matters that have been disclosed in temporary announcements and do not have developments or changes in subsequent implementation*

The Company had acquired 61.67% and 18.33% equity interest of Shanghai Dazhong Run Logistics Shares Co., Ltd.* (上海大眾運行物流股份有限公司) from Shanghai Dazhong Business Management and Shanghai Yiyang Landscaping Co., Ltd.* (上海怡陽園林綠化有限公司), respectively. The consideration of the transaction is RMB74 million and RMB22 million, totalling to RMB96 million.	For details, please refer to the announcement of the Company on the Hong Kong Stock Exchange website dated on March 29, 2018.

**Notes: For identification purpose only*

2. Matters that have been disclosed in temporary announcements and have developments or changes in subsequent implementation

**Notes: For identification purpose only*

In the first half of 2018, Dazhong Gas purchased piped gas from Shanghai Gas Group in its ordinary course of business at the total consideration of RMB1,729 million.

On December 16, 2015, Dazhong Gas entered into a framework gas purchase agreement (the "Framework Agreement") and a supplemental agreement (the "Supplemental Agreement", together with the Framework Agreement, the "Master Gas Purchase Agreements") with Shanghai Gas Group in connection with the purchase of piped gas, pursuant to which the parties confirmed and agreed on the expected annual supply volume of piped gas and other volume based parameters each year. The Framework Agreement has a term of 20 years from January 1, 2014 to December 31, 2033. The Supplemental Agreement has a term from December 16, 2015 until December 31, 2018.

Based on the Master Gas Purchase Agreements, the consideration paid to Shanghai Gas Group for the purchase of piped gas are subject to an annual cap of RMB2,600 million, RMB2,660 million and RMB2,720 million for the three years ending December 31, 2016, 2017 and 2018, respectively. Since it is difficult to estimate the piped gas consumption over an extended period, according to the Framework Agreement and in line with the normal business practice in piped gas supply industry in Shanghai, additional five-year annual plans for the amount of piped gas to be supplied in the future shall be further agreed between the parties before December 31, 2018, 2023 and 2028, respectively. According to the relevant PRC laws and regulations, the price of the piped gas purchased by the Group from Shanghai Gas Group is fixed by the relevant local competent authorities. As Shanghai Gas Group is a substantial shareholder of the Company, it is a connected person of the Company pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules. The purchase of piped gas by Dazhong Gas from Shanghai Gas Group constitutes continuing connected transactions of the Group upon Listing.

On May 25, 2017, Dazhong Jiading Sewage, a wholly-owned subsidiary of the Company, and Dazhong Financial Leasing, a non-wholly owned subsidiary of the Company, entered into a title transfer agreement I ("Title Transfer Agreement I"), pursuant to which Dazhong Jiading Sewage agreed to sell certain asset ("Asset I") to Dazhong Financial Leasing at a consideration of RMB150 million (equivalent to approximately HK$168 million). On the same date, Dazhong Jiading Sewage and Dazhong Financial Leasing entered into a leaseback contract I ("Leaseback Contract I") (Title Transfer Agreement I together with the Leaseback Contract I, "After-Sale Leaseback I"), pursuant to which Dazhong Financial Leasing agreed to leaseback Asset I to Dazhong Jiading Sewage during the lease period. Upon expiry of the lease period and subject to full performance of its obligations by Dazhong Jiading Sewage under the Leaseback Contract I, Dazhong Financial Leasing shall transfer the title of Asset I back to Dazhong Jiading Sewage or any third party as designated by Dazhong Jiading Sewage at a nominal price of RMB100.

Pursuant to the Leaseback Contract I, Asset I shall be leased back to Dazhong Jiading Sewagee during the lease period at the total rents of RMB163,179,287.76 (equivalent to approximately HK$182,760,802.29), which was determined after arm's length negotiation between the parties with reference to the prevailing market practice. The lease period is for 3 years.

Unit: RMB

Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	0
Guarantees provided by the Company to subsidiaries	
Total guaranteed amount to subsidiaries during the Reporting Period	411,650,698.75
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)	1,653,908,154.09
Total guarantees (including guarantees to subsidiaries) provided by the Company	
Total guaranteed amount (A+B)	1,653,908,154.09
Total guaranteed amount as a percentage of the net asset value of the Company (%)	23.59
Of which:	
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)	0
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)	1,437,317,976.94
Total guaranteed amount in excess of 50% of net asset value (E)	0
Total guaranteed amount of the above three items (C+D+E)	1,437,317,976.94
Statement on the contingent joint liability in connection with unexpired guarantees	–
Details of guarantees provided by the Company	–

Not applicable.

Not applicable.

( )

Please refer to note 2 to the unaudited condensed consolidated financial statements in this report.

There was no material impact to the 2018 interim report preparing in accordance with International Accounting Standards.

( )

Not applicable.

As a dual-listed company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has remained in strict compliance with the Articles of Association, relevant laws and regulations in the PRC, Shanghai Listing Rules and the Hong Kong Listing Rules during the Reporting Period. The Company is committed to rigorous corporate governance and risk management.

I. Corporate Governance

During the Reporting Period, the Company strictly followed the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China, Code of Corporate Governance and Corporate Governance Report under Appendix 14 of the Hong Kong Listing Rules, relevant laws and regulations promulgated by the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange as well as the requirements under the Articles of Association. The corporate governance structure was constantly optimized to enhance company operation. Currently, the Company has formed a governance mechanism with clear authorities and responsibilities and checks and balances as well as an effective internal control system in compliance with the requirements of listed companies, and are operated strictly in accordance with the legislation.

The condition of the Company's corporate governance is as follows:

1. Shareholders and General Meeting: The shareholders of the Company shall have the legal rights stipulated in the law and regulation and the Articles of Association; in accordance with the relevant stipulations and requirements under the listing rules of the Shanghai Stock Exchange and the Articles of Association, the Company held and convened general meetings and treated all shareholders equally to ensure they, particularly minority shareholders, enjoy equal status and rights and assume corresponding obligations. The Company also hired practising solicitors to attend general meeting to confirm and witness the convening procedures, resolutions and the identity of attendants, so as to ensure the resolutions were lawful and valid, During the Reporting Period, one annual general meeting were convened in compliance with the relevant requirements under the Company Law and the Articles of Association by the Company.

2. Relations between the Controlling Shareholders and the Company: The Company has a comprehensive and independent business and self-operation capability. The controlling shareholders of the Company has highly regulated themselves and exercised their rights as investors at the general meeting, and has not directly or indirectly interfered with the decision-making and business activities of the Company beyond the general meeting. The Company is independent in respect of staff, assets, finance, organization and business. The Board, Supervisory Committee and internal organization are operated independently.

3. Directors and the Board: The Board consists of 13 directors; five of them are independent non-executive Directors. Each Director attends Board meeting and general meeting in a conscientious and responsible manner and earnestly performs his/her duties for the interests of the Company and all shareholders so as to facilitate standardized operation and rational decision-making. There are audit committee, nomination committee and remuneration and appraisal committee under the Board; each professional committee has clearly defined roles and duties. Each Director fulfills his/her obligations with diligence and provides strong support for the rational decision of the Company. During the Reporting Period, 5 Board meetings, which were convened in compliance with the relevant requirements under the

5. Information Disclosure and Transparency: In accordance with the requirements of the "Administrative Measures for the Disclosure of Information of Listed Companies" and "The Management System for Information Disclosure of the Company", the secretary of the Board and the Board office of the Company are responsible for the disclosure of information and management of investor relationship. The Company strictly complies with the requirements of the law and regulations to fulfill the responsibilities of disclosure in a truthful, precise, complete and timely manner.

6. Investor Relationship and Stakeholders: The Company emphasized the maintenance of the investor relationship. Through investor hotlines, E-Interaction of the Shanghai Stock Exchange, it maintains communication with investors, warmly receives visits and onsite investigation by personal investors and institutional investors. After H Share issuance, the Company's website was modified to provide simplified Chinese, traditional Chinese and English versions so that more investors can have deeper understanding of the Company's operation and development. The Company gave full respects to the shareholders, customers, staff and other stakeholders and protected their legitimate rights and interests from the perspective of system building and in each link of business operation, ensured the development of the Company in a sustainable, harmonious, healthy and standard way, in order to achieve all-win results for the Company and all stakeholders, thus maximizing the Company's profits and social benefits.

7. Establishment of the Company's Governance System: According to the spirit of the "Guidance for the Article of Listed Company (Revised in 2014)" (CSRC Announcement [2014] No.47) issued by China Securities Regulatory Commission, during the Reporting Period, the "Resolution on the Amendments on the Articles of Association and Change on Industrial and Commercial Registration" was considered and approved at the 2017 AGM to amend the relevant terms of the Articles of Association.

8. Registration and Management of People in Possession of Inside Information: During the Reporting Period, the Company strictly implemented the relevant requirements of the "Administrative Measures for the Disclosure of Information of Listed Companies" and "System for the Registration and Management of People in Possession of Inside Information" for registration and management of people in possession and use of inside information to ensure the disclosure of information is lawful and fair. During the Reporting Period, no people possessing inside information traded the Company's shares in violation of the laws and regulations.

During the Reporting Period, according to the requirements of the regulatory departments, the Company further improved its organizational structure, institutional building and strengthened management of

Changes in Shares and Shareholding of Substantial Shareholders

Changes in Shares

1. *Table of changes in shares*

   There is no change in the number of shares or the shareholding structure during the Reporting Period.

2. *Explanation on changes in shares*

   Not applicable.

3. *The effects of changes in shares on financial indicators such as earnings per share and net assets per share subsequent to the end of the Reporting Period and up to the publication date of the interim report (if any)*

   Not applicable.

Shareholding of Substantial Shareholders

(1)

Total number of shareholders of ordinary shares as at the end of the Reporting Period	200,927
Total number of shareholders of preference shares with voting rights restored as at the end of the Reporting Period	0

Unit: Share

( )			(%)			
HKSCC Nominees Limited	3,000	533,390,000	18.07	0	Nil	Overseas legal person
Shanghai Dazhong Business Management Co., Ltd.* (上海大眾企業管理有限公司)	0	495,143,859	16.77	0	Pledged	476,300,000 Domestic non-state owned legal person
Shanghai Gas (Group) Co., Ltd.* (上海燃氣(集團)有限公司)	0	153,832,735	5.21	0	Nil	State-owned legal person
Lin Zhuangxi (林莊喜)	(2,038,677)	25,408,400	0.86	0	Nil	Domestic natural person
Lin Zehua (林澤華)	0	20,817,978	0.71	0	Nil	Domestic natural person
Xu Xin (徐新)	1,312,380	13,406,275	0.45	0	Nil	Domestic natural person
Lin Xianzhuan (林賢專)	0	13,189,105	0.45	0	Nil	Domestic natural person
Agricultural Bank of China Limited – CSI 300 Index Open-ended Fund* (中國農業銀行股份有限公司 – 中證300交易型開放式指數證券投資基金)	4,623,900	12,820,726	0.43	0	Nil	Domestic non-state owned legal person
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	0	11,370,700	0.39	0	Nil	State-owned legal person
Cai Zhishuang (蔡志雙)	576,900	10,763,798	0.36	0	Nil	Domestic natural person

HKSCC Nominees Limited	533,390,000	Overseas listed foreign shares	533,390,000
Shanghai Dazhong Business Management Co., Ltd.* (上海大眾企業管理有限公司)	495,143,859	Ordinary shares denominated in RMB	495,143,859
Shanghai Gas (Group) Co., Ltd.* (上海燃氣(集團)有限公司)	153,832,735	Ordinary shares denominated in RMB	153,832,735
Lin Zhuangxi (林莊喜)	25,408,400	Ordinary shares denominated in RMB	25,408,400
Lin Zehua (林澤華)	20,817,978	Ordinary shares denominated in RMB	20,817,978
Xu Xin (徐新)	13,406,275	Ordinary shares denominated in RMB	13,406,275
Lin Xianzhuan (林賢專)	13,189,105	Ordinary shares denominated in RMB	13,189,105
Agricultural Bank of China Limited – CSI 500 Index Open-ended Fund* (中國農業銀行股份有限公司 – 中證500交易型開放式指數證券投資基金)	12,820,726	Ordinary shares denominated in RMB	12,820,726
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	11,370,700	Ordinary shares denominated in RMB	11,370,700
Cai Zhishuang (蔡志雙)	10,765,798	Ordinary shares denominated in RMB	10,765,798

* *For identification purpose only.*

Explanations on the connected relationship or parties acting in concert among the above shareholders	The Company is not aware that any top 10 shareholders of tradable shares are connected with each other.
Explanation on preferred shareholders whose voting rights has resumed and their shareholdings	Not applicable.

Explanation on the shareholding: Shanghai Dazhong Business Management holds 60,746,000 H shares, which are registered under Hong Kong Securities Clearing Company Nominees Limited, through Hong Kong Stock Connect and other ways. As of June 30, 2018, Shanghai Dazhong Business Management holds 555,889,859 shares of the Company (including 495,143,859 A shares and 60,746,000 H shares), representing approximately 18.83% of the total issued shares of the Company.

Not applicable.

As at June 30, 2018, so far as is known to the Directors, the persons or entities, other than the Directors, Supervisors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who would be required, pursuant to Section 336 of the SFO, to be entered in the register required referred to therein, were as follows:

Shanghai Dazhong Business Management Co., Ltd.*	Beneficial owner	A Shares	495,143,859 (L)	16.77%	20.47%
	Beneficial owner	H Shares	60,746,000 (L)	2.06%	11.38%
Shanghai Dazhong Business Employee Share Ownership Committee* (上海大眾企業管理有限公司職工持股會) [3]	Interest of controlled corporations	A Shares	495,143,859 (L)	16.77%	20.47%
	Interest of controlled corporations	H Shares	60,746,000 (L)	2.06%	11.38%
Shanghai Gas (Group) Co., Ltd.	Beneficial owner	A Shares	158,674,147 (L)	5.37%	6.56%
Shenergy (Group) Company Limited* (申能(集團)有限公司) [4]	Interest of controlled corporations	A Shares	158,674,147 (L)	5.37%	6.56%
ENN Energy China Investment Limited [5]	Beneficial owner	H Shares	129,261,000 (L)	4.38%	24.22%
ENN Energy Holdings Limited [5]	Interest of controlled corporations	H Shares	129,261,000 (L)	4.38%	24.22%
Wang Yusuo (王玉鎖) [5]	Interest of controlled corporations	H Shares	129,261,000 (L)	4.38%	24.22%
Hai Tong Asset Management (HK) Limited [6]	Investment manager	H Shares	86,174,000 (L)	2.92%	16.15%
Haitong International Holdings Limited [7]	Interest of controlled corporations	H Shares	68,174,000 (L)	2.31%	12.78%
Haitong International Securities Group Limited [7]	Interest of controlled corporations	H Shares	68,174,000 (L)	2.31%	12.78%
Haitong Securities Co., Ltd. [7]	Interest of controlled corporations	H Shares	68,174,000 (L)	2.31%	12.78%
Haitong International Financial Solutions Limited [7]	Beneficial owner	H Shares	68,174,000 (L)	2.31%	12.78%
New China Asset Management (Hong Kong) Limited [8]	Investment manager	H Shares	53,859,000 (L)	1.82%	10.09%
Investstar Limited [9]	Beneficial owner	H Shares	53,859,000 (L)	1.82%	10.09%
Towngas Investment Company Limited (煤氣投資有限公司) [9]	Interest of controlled corporations	H Shares	53,859,000 (L)	1.82%	10.09%

* *For identification purposes only*

Notes:

(1) (L) – Long position

(2) As at June 30, 2018, the total number of issued shares of the Company was 2,952,434,675, including 2,418,791,675 A shares and 533,643,000 H shares.

(3) 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 composed of (a) the employees of Shanghai Dazhong Business Management; (b) the employees of our Group; and (c) the employees of Dazhong Transportation. It is the beneficial owner of 90% equity interests in Shanghai Dazhong Business Management and is deemed to be interested in the entire A Shares interests held by Shanghai Dazhong Business Management.

(4) Shenergy (Group) Company Limited* (申能(集團)有限公司) is the beneficial owner of the entire equity interests in Shanghai Gas Group and is deemed to be interested in the A Shares held by Shanghai Gas Group.

(5) ENN Energy China Investment Limited is wholly owned by ENN Energy Holdings Limited (Stock Code: 02688.HK). Mr. Wang

( )

Not applicable.

( )

Not applicable.

During the six months ended June 30, 2018, there is no change which is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

To the best knowledge of the Directors, as at June 30, 2018, the interests or short positions of the Directors, Supervisors and the chief executives in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), required (a) to be notified to the 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 have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register required to be kept therein; or (c) pursuant to the Model Code set out in Appendix 10 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

				%	%
				( )	( ) ( )
Directors					
Mr. YANG Guoping (楊國平)[3][9]	Beneficial owner	A Shares	2,097,861 (L)	0.07%	0.09%
Mr. LIANG Jiawei (梁嘉瑋)[4][9]	Beneficial owner	A Shares	222,300 (L)	0.01%	0.01%
Ms. YU Min (俞敏)[5][9]	Beneficial owner	A Shares	712,621 (L)	0.02%	0.03%
Mr. ZHUANG Jianhao (莊建浩)[6][9]	Beneficial owner	A Shares	115,000 (L)	0.00%	0.00%
Mr. YANG Weibiao (楊衛標)[7][9]	Beneficial owner	A Shares	54,000 (L)	0.00%	0.00%
Supervisor					
Mr. YANG Jicai (楊繼才)[8][9]	Beneficial owner	A Shares	500,306 (L)	0.02%	0.02%

Notes:

(1) (L) — Long position

(2) As at June 30, 2018, the total number of issued shares of the Company was 2,952,434,675, including 2,418,791,675 A Shares and 533,643,000 H Shares.

(3) 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) (the "Employee Share Ownership Committee"), representing 9.55% of the total number of shares of the Employee Share Ownership Committee.

(4) Mr. Liang Jiawei (梁嘉瑋) holds 112,100 shares in the Employee Share Ownership Committee, representing 0.07% of the total number of shares of the Employee Share Ownership Committee.

(5) Ms. Yu Min (俞敏) holds 949,000 shares in the Employee Share Ownership Committee, representing 0.63% of the total number of shares of the Employee Share Ownership Committee.

(6) Mr. Zhuang Jianhao (莊建浩) holds 50,000 shares in the Employee Share Ownership Committee, representing 0.03% of the total number of shares of the Employee Share Ownership Committee.

(7) Mr. Yang Weibiao (楊衛標) holds 164,000 shares in the Employee Share Ownership Committee, representing 0.11% of the total number of shares of the Employee Share Ownership Committee.

(8) Mr. Yang Jicai (楊繼才) holds 137,600 shares in the Employee Share Ownership Committee, representing 0.09% of the total number of shares of the Employee Share Ownership Committee.

(9) The Employee Share Ownership Committee 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.

Saved as disclosed above, as at June 30, 2018, none of the Directors, Supervisors and the chief executives had other interests or short positions.

Unit: 100 million Currency: RMB

						(%)		
2011 Corporate Bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd.	11 Hu Dazhong	122112	January 6, 2012	January 6, 2018	0	5.71	The interest of this bond is calculated annually, regardless of compound interest, and paid once every six months. The principal will be returned upon maturity. The last interest will be paid together with the principal.	Shanghai Stock Exchange
Public issuance of 2018 corporate bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (First Tranche)	18 Gongyong 01	143500	March 13, 2018	March 13, 2023	5	5.58	The interest of this bond is calculated annually, regardless of compound interest, and paid once every year. The principal will be returned upon maturity. The last interest will be paid together with the principal.	Shanghai Stock Exchange
Public issuance of 2018 corporate bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd. Type 1 (Second Tranche)	18 Gongyong 03	143740	July 18, 2018	July 18, 2023	5.1	4.65	The interest of this bond is calculated annually, regardless of compound interest, and paid once every year. The principal will be returned upon maturity. The last interest will be paid together with the principal.	Shanghai Stock Exchange
Public issuance of 2018 corporate bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd. Type 2 (Second Tranche)	18 Gongyong 04	143743	July 18, 2018	July 18, 2023	6.8	4.89	The interest of this bond is calculated annually, regardless of compound interest, and paid once every year. The principal will be returned upon maturity. The last interest will be paid together with the principal.	Shanghai Stock Exchange

The Company has paid the interests for the twelfth interest bearing period of the 2011 corporate bonds and the principal of the current bonds on January 8, 2018, which are delisted thereafter (for details please see announcement Lin 2017-038). The coupon rate of current bonds was 5.71%, and the interest bearing period was 184 days in total and the full interest bearing year (January 6, 2017 to January 5, 2018) was 365 days. The actual interest distributed for each board lot 11 Hu Dazhong with face value of RMB1,000 was RMB28.785 (tax inclusive) and principal of RMB1,000 was distributed. During the reporting period, the payment of principal and interest for current bonds was completed.

1. In March 2018, the Company conducted the public issuance of the first tranche of 5-year fixed rate 2018 Corporate Bonds, with the issuer's option to adjust the coupon rate and the investors' option to sell back to the issuer as at the end of the third year of the duration of corporate bonds. The Company shall have option to determine whether to adjust the coupon rate of the fourth and fifth interest-bearing year for such tranche of corporate bonds at the end of the third interest-bearing year. The Company shall inform bondholders whether to adjust coupon rate and relevant methods (increase/decrease) and range on the 30th trading day prior to the interest payment date of the third interest-bearing year. If the option to adjust the coupon rate is not exercised by the Company at the end of the third interest-bearing year of the duration of corporate bonds, the coupon rate of the fourth and fifth interest-bearing year shall remain the original coupon rate for the previous interest-bearing years.

   After the Company informing bondholders whether to adjust coupon rate and relevant methods (increase/decrease) and range, investors shall have option to sell back whole or part of such tranche of corporate bonds to the Company at par value. If the option to sell back is exercised by investors, the payment date for such sellback shall be the interest payment date of the third interest-bearing year. The Company shall settle the sellback payment in accordance with relevant trading rules of the stock exchange and the bond registration authority.

2. In July 2018, the Company conducted the public issuance of the second tranche of 2018 Corporate Bonds, which includes two types of Bonds with the final issue size amounting to RMB510 million and RMB680 million respectively and coupon rate amounting to 4.65% and 4.89% respectively. The Type 1 Bonds is 5-year fixed rate bonds and attaches the issuer's option to adjust the coupon rate and the investors' option to sell back to the issuer as at the end of the third year of the duration of corporate bonds. The Type 2 Bonds is 5-year fixed rate bonds.

Name Haitong Securities Co., Ltd.

Unit: 100 million Currency: RMB

Shanghai Dazhong Public Utilities (Group) Co., Ltd.	Industrial and Commercial Bank of China Limited-Shanghai Yangpu Sub-branch	1.00	2018/4/23	1.00	2017/5/11	2018/5/11	Workding Capital Loan
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	Bank of China Limited-Shanghai Pudong Branch	1.30	2018/4/27	1.30	2017/6/8	2018/6/8	Workding Capital Loan
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	China Minsheng Banking Corp., Ltd.- Shanghai Branch	1.30	2018/3/15	1.30	2018/3/20	2018/9/20	Workding Capital Loan
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	China Construction Bank Corporation- Shanghai Luwan Sub-branch	0.42	2018/6/7	0.42	2017/7/3	2018/7/3	Workding Capital Loan
Total		4.42		4.42			Workding Capital Loan

During the Reporting Period, the Company entrusted the credit rating agency China Chengxin Securities Rating Co., Ltd. ("China Chengxin") to carry out the credit rating of corporate bonds (the first tranche) publicly issued by the Company in 2018 ("18 Gongyong 01"). On March 5, 2018, China Chengxin issued the Credit Rating Report on the Public Issuance of 2018 Corporate Bonds (the First Tranche) of Shanghai Dazhong Public Utilities (Group) Co., Ltd.. The credit rating of the Company was AA+ and the credit rating of 18 Gongyong 01 was AA+. The full text of the credit rating report is available on the website of the Shanghai Stock Exchange (www.sse.com.cn).

During the Reporting Period, the Company entrusted China Chengxin to carry out the follow-up credit rating of corporate bonds (the first tranche) publicly issued by the Company in 2018 ("18 Gongyong 01"). Based on the comprehensive analysis and evaluation of the Company's operating conditions, industry

The interests of the tranche one of the public issuance of 2018 corporate bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd. issued by the Company on March 13, 2018 will be paid annually from the first value date and the last instalment of interest payment will be paid together with the matured principal.

The interest payment date of this tranche of bonds shall be March 13 of each year from 2019 to 2023 (if that day falls within official holidays and/or rest days, then it shall be postponed to the next trading day thereafter. During the postponement period, no interest shall be accrued). For investors exercise the resale option, the interest payment date for the resale part shall be March 13 of each year from 2019 to 2021 (if that day falls within official holidays and/or rest days, then it shall be postponed to the next trading day thereafter. During the postponement period, no interest shall be accrued).

The principal payment date of this tranche of bonds shall be March 13, 2023 (if that day falls within official holidays and/or rest days, then it shall be postponed to the next trading day thereafter. During the postponement period, no interest shall be accrued). For investors exercise the resale option, the principal payment date for the resale part shall be March 13, 2021 (if that day falls within official holidays and/or rest days, then it shall be postponed to the next trading day thereafter. During the postponement period, no interest shall be accrued).

In order to protect the legal rights of the bondholders, the Company has implemented the guarantee measures for repayment of the corporate bonds as set out below:

In accordance with requirement of the Measures for the Trading and Administration of Corporate Bonds, the Company has formulated the Rules of Bondholders' Meeting, which stipulates the scope, procedures and other important matters for bondholders to exercise their rights in the bondholders' meeting, and makes reasonable system arrangement for guaranteeing the timely and full repayment of principal and interests of the corporate bonds.

In accordance with the provisions of the Measures for the Trading and Administration of Corporate Bonds, the Company has engaged Haitong Securities as the bonds trustee manager of this tranche of bonds and entered into the Entrusted Bonds Management Agreement with Haitong Securities. During the term of this tranche of bonds, Haitong Securities shall protect the interests of the bondholders agreed in accordance with the Entrusted Bonds Management Agreement.

To ensure timely repayment of the due principle and interest of this bond, the Company will set up a special account for fund raising in the Xuhui branch of Shanghai Pudong Development Bank for receiving, storing, transferring of proceeds and repaying principle and interest of this bond before issuing this bond. Before the interest payment date or 7 trading days (T-7 days) before date of payment of this fund, the Company would transfer the repayment capital to the special account for fund raising in accordance with the confirmed interest/principle stated in the Prospectus of Tranche one of the public issuance of 2018 corporate bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd.. The bank governing the funds would review the funds in the special account for fund raising, and notify the Company in writing on the proceeds in the special account for fund raising.

After this bond issuing, the Company will further strengthen the management of asset and liability, liquidity management and the use of proceeds according to its debt structure, and prepare annual, monthly plan for use of proceeds according to the future maturity and payment demand of bond principal and interest to ensure that the funds are utilized as scheduled, capitals are fully and timely prepared to be used for payment of interests and principals when due every year, in order to fully protect the interests of the investors.

The Company will follow the principle of true, accurate and complete information disclosure, so that the Company's solvency and use of proceeds will be supervised by bondholders, bond trustees and shareholders to prevent debt repayment risks.

Not Applicable.

The trustee of 2011 Corporate Bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd. was Haitong Securities Co., Ltd. Haitong Securities has completely fulfilled the relevant obligations of the trustee with diligence during the reporting period.

The trustee of Tranche one of the public issuance of 2018 corporate bonds of Shanghai Dazhong Public Utilities (Group) Co., Ltd. was Haitong Securities Co., Ltd. Haitong Securities has fulfilled the relevant obligations of the trustee with diligence and on time during the Reporting Period.

During the Reporting Period, the Company was granted with banking facilities (including foreign currency translation) totaling to RMB8,586,238,925.98 (opening amount for 2018: RMB8,389,758,471.91), of which RMB3,757,556,902.92 (opening amount for 2018: RMB3,835,895,304.17) had been utilized, and RMB4,828,682,023.06 (opening amount for 2018: RMB4,553,863,167.74) was unutilized as at June 30, 2018.

During the Reporting Period, the Company has performed the relevant commitment as set out in the Prospectus for issuing bonds.

Not applicable.

For the six months ended 30 June 2018

	Notes	2017 RMB'000 (Unaudited) (Note(i))
		291,461
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates		(81,094)
Change in fair value of financial assets at FVTOCI (recycling)	(ii)	(30,163)
Exchange differences on translating foreign operations		(6,906)
Items that will not be reclassified to profit or loss:		
Equity investments at FVTOCI –net movement of fair value (non-recycling)		–
Re-measurement gains on defined benefit obligations		1,754
		(116,409)
		175,052
Owners of the Company		86,726
Non-controlling interests		88,326
		175,052

Notes:

(i) The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

(ii) This amount arose under the accounting policies applicable prior to 1 January 2018. As part of the opening balance adjustments as at 1 January 2018 part of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods. See note 2(b).

As at 30 June 2018

	Notes	As at 31 December 2017 RMB'000 (Note)
Property, plant and equipment	14	4,921,963
Investment properties		62,751
Payments for leasehold land held for own use under operating leases		71,084
Goodwill		1,312
Intangible assets	15	584,887
Investments in associates	16	5,501,551
Financial assets at fair value through profit or loss	23	–
Financial assets at fair value through other comprehensive income	23	–
Available-for-sale financial assets	17	893,244
Trade receivables	18	149,445
Lease receivables	19	729,022
Amount due from grantor	20	581,670
Prepayment for acquisition of investments	35	1,865
Deferred tax assets	21	32,406
Total non-current assets		13,531,200
Inventories		26,735
Amount due from an associate	16	318,996
Trade and bills receivables	18	306,649
Lease receivables	19	620,231
Loan receivables	22	137,507
Prepayments and other receivables		93,826
Amount due from grantor	20	36,698
Financial assets at fair value through profit or loss	23	21,178
Available-for-sale financial assets	17	175,000
Pledged deposits	24	219,473
Cash and cash equivalents	24	4,912,508
Total current assets		6,868,801
Borrowings	25	3,008,013
Corporate bonds and short-term bonds payable	26	2,609,653
Trade payables	27	1,263,609
Other payables	28	836,597
Deferred income	29	212,693
Amounts due to customers for contract work	30	641,345
Contract liabilities	30	–
Employee defined benefits		1,977
Current tax liabilities		39,279
Total current liabilities		8,613,166
	( )	(1,744,365)
		11,786,835

As at 30 June 2018

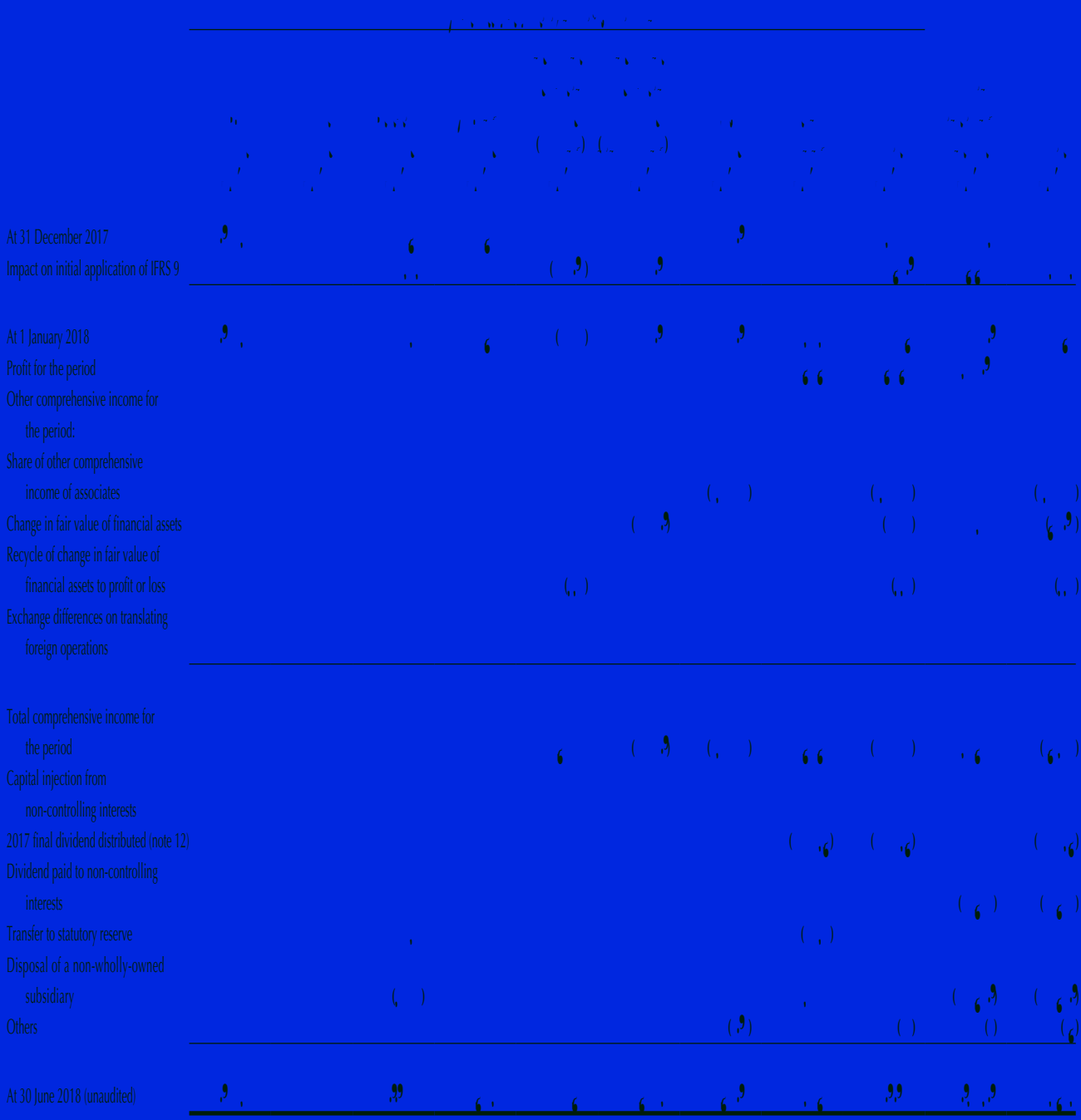
As at
31 December

For the six months ended 30 June 2018

	Equity attributable to owners of the Company									
	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Investment revaluation reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
1 January 2017	2,902,705	1,031,187	733,373	5,214	214,881	1,178,517	997,168	7,063,045	1,131,377	8,194,422
Profit for the period	–	–	–	–	–	–	202,735	202,735	88,726	291,461
Other comprehensive income for the period:										
Share of other comprehensive income of associates	–	–	–	–	–	(81,094)	–	(81,094)	–	(81,094)
Change in fair value of available-for-sale financial assets	–	–	–	–	(28,886)	–	–	(28,886)	(1,277)	(30,163)
Exchange differences on translating foreign operations	–	–	–	(5,214)	–	(1,692)	–	(6,906)	–	(6,906)
Re-measurement gains on defined benefit obligations	–	–	–	–	–	877	–	877	877	1,754
Total comprehensive income for the period	–	–	–	(5,214)	(28,886)	(81,909)	202,735	86,726	88,326	175,052
Issue of H-shares (note 31(i))	49,730	102,793	–	–	–	–	–	152,523	–	152,523
2016 final dividend paid (note 12)	–	–	–	–	–	–	(177,146)	(177,146)	–	(177,146)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(35,251)	(35,251)
Acquisition of equity interests of non-controlling interests	–	4,035	–	–	–	–	–	4,035	(79,035)	(75,000)
Others	–	(43,344)	–	–	–	–	–	(43,344)	–	(43,344)
At 30 June 2017	2,952,435	1,094,471	733,373	–	185,995	1,096,608	1,022,757	7,085,639	1,105,417	8,191,056

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

For the six months ended 30 June 2018



For the six months ended 30 June 2018

		2017 RMB'000 (Unaudited) (Note)
		348,303
Adjustments for:		
Finance costs		94,936
Share of results of associates		(173,051)
Amortisation on payments for leasehold land held for own use under operating leases		1,022
Amortisation on intangible assets		9,698
Depreciation of property, plant and equipment		166,676
Depreciation of investment properties		1,099
Impairment loss on trade receivables		666
Recovery of impairment loss on loan receivables		(571)
Impairment loss on lease receivables		–
Impairment loss on prepayments and other receivables		105
Loss on disposal of property, plant and equipment		8,040
Recovery of impairment loss on inventories		–
Loss on disposal of a subsidiary		–
(Gain)/loss on disposal of financial assets at fair value through profit or loss — held for trading		8,125
Gain on disposal of government bonds		(2,552)
Changes in fair value of financial assets at fair value through profit or loss		(10,773)
Dividend income		(66,476)
Other financial income		(3,542)
Exchange gain		37,045
Financial income from wastewater treatment income		(15,830)
Financial income from public infrastructure projects		(18,319)
Bank interest income		(13,229)

For the six months ended 30 June 2018

		2017 RMB'000 (Unaudited) (Note)
Acquisition of new bank borrowings		2,341,453
Proceeds from issue of 2018 corporate bonds		–
Receipt of refund of pledged deposits for bank borrowings		–
Repayment of bank borrowings		(1,549,665)
Payments of interest expenses		(86,499)
Net proceeds from the issue of new H-shares		160,294
Net proceeds from the issue of short-term bonds payable		300,000
Repayment of short-term bonds		(300,000)
Dividends paid to non-controlling interests		(35,251)
Capital injection from non-controlling interests		–
Acquisition of equity shares of non-controlling interests		(79,035)
Payments of financial charges		–
		951,297
Net decrease in cash and cash equivalents		(111,633)
Exchange differences on translating cash flows of foreign operations		(51,046)
Cash and cash equivalents at beginning of period		3,258,733
Cash and cash equivalents at end of period		3,096,054

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See IFRI282.

Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") 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's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the

The unaudited consolidated interim financial statements have been reviewed by the audit committee of the Company. It was authorised for issue on 31 August 2018.

The Group had net current liabilities of approximately RMB2,000,020,000 as at 30 June 2018. 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 25.

(a) Overview

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period. Of these, the following development is relevant to the Group's financial statements:

- IFRS 9, Financial instruments
- IFRS 15, Revenue from contracts with customers
- IFRIC 22, Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, Prepayment features with negative compensation which have been adopted at the same time as IFRS 9.

The Group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 9 and note 2(c) for IFRS 15.

(a) Overview (Continued)

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9 and/or IFRS 15:

		(Note 2(b))	(Note 2(c))	
	RMB'000	RMB'000	RMB'000	RMB'000
Lease receivables	729,022	(7,207)	–	721,815
Deferred tax assets	32,406	3,311	–	35,717
Financial assets measured at FVTOCI (recycling)	–	4,414	–	4,414
Financial assets measured at FVTOCI (non-recycling)	–	121,698	–	121,698
Available-for-sale financial assets	893,244	(893,244)	–	–
	1,654,672	(771,028)	–	883,644
Lease receivables	620,231	(6,035)	–	614,196
Amortized cost: capital guaranteed financial products with fixed-income	–	113,000	–	113,000
Financial assets at FVTPL	21,178	1,147,423	–	1,168,601
Financial assets measured at FVTOCI(recycling)	–	7,329	–	7,329
Available-for-sale financial assets	175,000	(175,000)	–	–
	816,409	1,086,717	–	1,903,126
Amount due to customers for contact work	641,345	–	(641,345)	–
Contract liabilities	–	–	641,345	641,345
	641,345	–	–	641,345
Deferred tax liabilities	(34,792)	81,405	–	46,613
	(34,792)	81,405	–	46,613
Statutory reserve	800,268	474	–	800,742
Investment revaluation reserve(recycling)	30,285	(31,793)	–	(1,508)
Investment revaluation reserve (non-recycling)	–	31,793	–	31,793
Retained earnings	1,227,112	127,135	–	1,354,247
Non-controlling interests	1,118,704	106,675	–	1,225,379
	3,176,369	234,284	–	3,410,653

Further details of these changes are set out in sub-sections (b) and (c) of this note.

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9

IFRS 9 replaces IAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

For the six months ended 30 June 2018

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

An investment in equity securities is classified as FVTPL unless the equity investment is c Tm(C)8ity valueo 1lececogs

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

	RMB'000	RMB'000	RMB'000	RMB'000
Lease receivables (note (i))	1,349,253	–	(13,242)	1,336,011
Investment-linked deposits with fixed-income	–	113,000	–	113,000
Equity securities (note (ii))	–	121,698	–	121,698
Debt investment	–	11,743	–	11,743
Equity securities not held for trading (note (ii)(iii))	–	739,803	325,620	1,065,423
Trading securities (note (iv))	19,440	–	–	19,440
Investment-linked deposits with variable-income	–	62,000	–	62,000
Investment in debt securities (note (iii))	1,738	–	–	1,738
Listed debt investments	11,743	(11,743)	–	–
Listed equity investments	121,698	(121,698)	–	–
Unlisted equity investments	739,803	(739,803)	–	–
Investment-linked deposits	175,000	(175,000)	–	–

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

Notes:

(i) Due to the initial application of IFRS 9, the expected loss of lease receivable RMB13,242,000 was deducted from the carrying amount of lease receivable as at 1 January 2018.

(ii) Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as FVTPL under IFRS 9, unless they are eligible for and designated as FVTOCI by the Group. At 1 January 2018, the Group designated certain investments as FVTOCI (non-recycling), as the investments are held for the strategy of long term holding.

(iii) Under IAS 39, investment in bonds and funds were classified as available-for-sale financial assets. They are classified as FVTPL under IFRS 9.

(iv) Trading securities were classified as financial assets as FVTPL under IAS 39. These assets continue to be measured at FVTPL under IFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 January 2018 have not been impacted by the initial application of IFRS 9. The Group did not designate or de-designate any financial liability at FVTPL at 1 January 2018.

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(ii) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);

– contract assets as defined in IFRS 15 (see note 2(c));

– debt securities measured at FVTOCI (recycling);

– lease receivables;

– financial guarantee contracts issued (see note 2(b)(i)); and

– loan commitments issued, which are not measured at FVTPL4 5.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVTPL, equity securities designated at FVTOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(ii) Credit losses (Continued)

Measurement of ECLs (Continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies. Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(ii) Credit losses (Continued)

Significant increases in credit risk

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(ii) Credit losses (Continued)

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(ii) Credit losses (Continued)

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to approximately RMB13,242,000, which was offset by deferred tax of approximately RMB3,311,000 and share by non-controlling interest of RMB1,986,000 at 1 January 2018.

The following table reconciles the closing loss allowance determinedthe det Tcllwith

(b) IFRS 9, Financial instruments, including the amendments to IFRS 9 (Continued)

(iii) Transition

The Group has applied the transitional provision in IFRS 9 such that IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of IFRS 9 (the "DIA"):

– The determination of the business model within wT the date ofd4l

(c) IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

There was no related tax impact of transition to IFRS 15 on retained earnings at 1 January 2018.

For the six months ended 30 June 2018

(c) IFRS 15, Revenue from contracts with customers (Continued)

(i) Timing of revenue recognition (Continued)

The adoption of IFRS 15 does not have a significant impact on recognized revenue from construction contracts.

(ii) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not have payments received in advance.

(iii) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or

(d) IFRIC 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

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.

For the six months ended 30 June 2018

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For the six months ended 30 June 2018

Other segment information:
Share of results of associates
Interest income
Interest expenses
Investment income and gains, net
Amortisation
Depreciation
Impairment loss on trade receivables
Written back of impairment loss on
loan receivables
(Written back of impairment loss)/
Impairment loss on prepayments
and other receivables
Impairment loss on lease receivables
Recovery of impairment loss on inventories
Investments in associates
Additional to non-current assets

For the six months ended 30 June 2018

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For the six months ended 30 June 2017 (Unaudited)	Piped gas supply RMB'000	Wastewater treatment RMB'000	Public Infra-structure projects RMB'000	Investments RMB'000	Transportation services RMB'000	Financial services RMB'000	Segment total RMB'000
Revenue from external customers	2,32 3,918	80, 362	2 3,678	–	–	48,262	2,480,420
Inter-segment revenue	–	–	–	–	–	–	–
Reportable segment revenue	2,32 3,918	80, 362	2 3,678	–	–	48,262	2,480,420
Reportable segment profit	1 39,767	23,042	11,39 3	1 34,091	70,728	32,260	4 31,283
Unallocated income/(expenses), net							(46,103)
Unallocated interest income							9,060
Unallocated interest expenses							(6 3,937)
Profit before income tax expense							348,303
Income tax expense							(36,842)
Profit for the period							291,461
Reportable segment assets	3,702,326	1,110,200	744,970	4,39 3,296	2,487,818	1, 390, 314	16,031,124
Unallocated cash and cash equivalents							1,813,946
Corporate assets*							202,632
Total assets							18,047,702
Reportable segment liabilities	4,098,42 3	191,841	221,889	434,796	–	808,1 37	3,7 33,108
Unallocated borrowings							1, 329,300
Corporate bonds and short-term bonds payable							2,10 3,081
Corporate liabilities#							467,1 37
Total liabilities							9,8 36,646

* Corporate assets consisted of property, plant and equipment, investment property, payments for leasehold land held for own use under operating leases, goodwill, intangible assets and prepayments and other receivables for the amounts approximately RMB 30.1 million, RMB63.8 million, RMB7. 3 million, RMB1.3 million, RMB0.3 million and RMB77.0 million respectively.

\# Other unallocated corporate liabilities consisted of other payables, salary payables, dividend and interest payable, and deferred tax liabilities for the amounts approximately RMB183.7 million, RMB11.2 million, RMB221.2 million and RMB 31.1 million respectively.

For the six months ended 30 June 2018

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For the six months ended 30 June 2017 (Unaudited)	Piped gas supply RMB'000	Wastewater treatment RMB'000	Public Infra-structure projects RMB'000	Investments RMB'000	Transportation services RMB'000	Financial services RMB'000	Segment total RMB'000
Other segment information:							
Share of results of associates	10,809	1,761	–	89,753	70,728	–	173,051
Interest income	2,739	302	375	401	–	332	4,169
Interest expenses	7,347	1,736	3,929	5,882	–	10,105	28,999
Investment income and gains, net	–	–	–	75,218	–	–	75,218
Amortisation	970	9,384	–	–	–	41	10,395
Depreciation	164,024	1,391	–	–	–	335	165,750
Impairment loss on trade receivables	549	(30)	147	–	–	–	666
Written back of impairment loss on loan receivables	–	–	–	–	–	(571)	(571)
(Written back of impairment loss)/ Impairment loss on prepayments and other receivables	122	79	9	–	–	(4)	206
Loss on disposal of property, plant and equipment	8,040	–	–	–	–	–	8,040
Investments in associates	394,011	31,820	–	2,253,867	2,487,818	–	5,167,516
Additional to non-current assets	183,695	68,930	8	–	–	28	252,661

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Geographical information is not presented since all of the Group's revenue from external customers is generated in the PRC. The non-current asset information is based on the location of the assets and excludes financial instruments and deferred tax assets. Nearly all of the non-current assets of the Group are located in the PRC, which is the Company's country of domicile.

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The Group has a number of customers and there is no significant revenue derived from specific external customers during the six months ended 30 June 2018 (2017: nil).

For the six months ended 30 June 2018

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 six months ended 30 June 2018.

An analysis of revenue is as follows:

	2017 RMB'000 (Unaudited)
Sale of gas fuel	2,075,354
Gas pipeline construction income	106,828
Gas connection income (note 29)	111,498
Sale of related products	32,238
Operations income	64,732
Financial income	15,830
Operations income	7,359
Financial income	18,319
Interest income and related revenue	10,083
Financial leasing related income	38,179
	2,480,420

	2017 RMB'000 (Unaudited)
Bank interest income	13,229
Government grants	3,707
Loss on disposal of property, plant and equipment	(8,040)
Rental income	5,582
Others	648
	15,126

In 2018, the Company and Dazhong Transportation Co. Ltd. (大眾(交通)集團股份有限公司) entered into the Shanghai Equity Transaction Contract to transfer the entire 50% equity interest of Shanghai Minhang Micro-credit Co., Ltd.* (上海閔行小額貸款股份有限公司)("Minhang Micro-credit") held by the Group at the consideration of RMB102.5 million.

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

	RMB'000	RMB'000
Property, plant and equipment	561	
Financial assets at fair value through profit or loss	84,104	
Loan receivables	118,497	
Deferred tax assets	5,439	
Cash and cash equivalents	2,053	
Other current assets	577	
Other current liabilities	(3,953)	
Non-controlling interest	(103,639)	
		103,639
Total consideration		(102,500)
Loss on disposal of a subsidiary		1,139
Cash flow:		
Cash consideration received		102,500
Cash and cash equivalents disposal of		(2,053)
Net proceeds from disposal of a subsidiary		100,447

The fair value of loan receivables amounted to approximately RMB118,497,000. In the opinion of the directors, no receivable is expected to be uncollectible.

	2017 RMB'000 (Unaudited)
Gain/(loss) on disposal of financial assets, net:	
— Financial assets at fair value through profit or loss	(8,125)
— Government bonds	2,552
Loss on disposal of a subsidiary (Note 6)	–
	(5,573)
Change in fair value of financial assets at fair value through profit or loss	(7,880)

	2017 RMB'000 (Unaudited)
Wage, salaries and allowances	141,034
Retirement benefit scheme contribution	44,150
Other benefits	27,349
	212,533

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

	2017 RMB'000 (Unaudited)
Inventories recognised as expense	1,869,273
Amortisation on payments for leasehold land held for own use under operating leases	1,022
Amortisation on intangible assets (included in administrative expenses and cost of sales)	9,698
Depreciation of property, plant and equipment	166,676
Depreciation of investment properties	1,099
Impairment loss on trade receivables	666
Impairment loss on lease receivables	–
Written back of impairment loss on loan receivables	(571)
Impairment loss on prepayments and other receivables	105
Recovery of impairment loss on inventories	–
Operating lease rental expenses in respect of buildings	4,091

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

	2017 RMB'000 (Unaudited)
PRC enterprise income tax	
— tax for the period	60,630
— under-provision in respect of prior periods	1,133
Hong Kong profits tax	
— tax for the period	–
Deferred tax (note 21)	(4,941)
Income tax expense	56,842

Profits of subsidiaries established in the PRC are subject to PRC enterprise income tax based on the statutory rate of 25% during the six months ended 30 June 2018 and 2017.

Profits of subsidiaries established in Hong Kong are subject to Hong Kong Profits tax at the statutory rate of 16.5% during the six months ended 30 June 2018 and 2017.

For the six months ended 30 June 2018

The income tax expense can be reconciled to the profit before income tax expense per the unaudited

	2017 RMB'000 (Unaudited)
Interim dividend	–

For the six months ended 30 June 2018 and 2017, there is no proposed or declared dividend. The unaudited condensed consolidated statement of changes in equity on page 71 to page 72 presents the declared but unpaid dividend RMB177,146,000 for the year 2017, representing RMB0.06 per ordinary 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:

	2017 (Unaudited)
Profit for the purpose of basic and diluted	2017

For the six months ended 30 June 2018

	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	153,922	15,980	60,811	6,368,829	30,367	536,263	7,386,372
Additions	282	69	1,343	1,775	866	669,262	673,397
Acquired through business combination	–	707	123	–	–	10,399	11,429
Transfer of construction in progress	3,815	–	5,143	416,264	7,359	(432,781)	–
Disposals	(1,800)	(4,029)	(3,945)	(24,339)			

	RMB'000 (note)	RMB'000	RMB'000	RMB'000
At 1 January 2017	433,306	10,390	5,646	449,342
Acquired through business combination	60,951	–	–	60,951
Additions	181,452	6,393	–	187,845
At 31 December 2017 and 1 January 2018	675,709	16,983	5,646	698,338
Additions	–	3,445	–	3,445
Transfer of construction in progress	309,192	–	–	309,192
At 30 June 2018	984,901	20,428	5,646	1,010,975
At 1 January 2017	76,717	5,683	5,646	88,046
Charge for the year	23,702	1,703	–	25,405
At 31 December 2017 and 1 January 2018	100,419	7,386	5,646	113,451
Charge for the period	19,868	987	–	20,855
At 30 June 2018	120,287	8,373	5,646	134,306
At 31 December 2017 (Audited)	575,290	9,597	–	584,887
At 30 June 2018 (Unaudited)	864,614	12,055	–	876,669

In July 2017, due to acquisition of two subsidiaries, a carrying amount of approximately RMB60,951,000 of the Construction falling into the definition of IFRIC 12 "Service Concession Arrangements" for the year ended 31 December 2017 were transferred from property, plant and equipment to intangible assets accordingly.

As at 30 June 2018 and 31 December 2017, the Group has pledged the receivables from the concession rights for the bank loans in note 25.

	As at 31 December 2017 RMB'000 (Audited)
Share of net assets	5,239,680
Goodwill	241,871
	5,501,551

The amount due from an associate represented a temporary loan of RMB338,796,000 (31 December 2017: RMB318,996,000) to Shanghai Shi He Industrial Co., Ltd. The amount was unsecured, non-interest-bearing and repayable on demand.

Details of the Group's associates at 30 June 2018 are as follows:

大眾交通(集團)股份有限公司[1][3] Dazhong Transportation (Group) Co., Ltd. ("Dazhong Transportation")	24 December 1988 PRC/PRC	2,364,122,864	20.01	6.76	Public transportation
深圳市創新投資集團有限公司[1][2] Shenzhen Capital Group Co., Ltd. ("Shenzhen Capital Group")	26 August 1999 PRC/PRC	4,202,249,320	13.93	–	Investment holding and provision of financial consultation and assets management services
上海電科智能系統股份有限公司[1] Shanghai Dianke Intelligence System Inc. ("SEISYS")	12 December 2007 PRC/PRC	100,000,000	28.00	–	Provision of products and services for smart transportation solution
上海興燁創業投資有限公司[1] Shanghai Xingye Venture Capital Co., Ltd. ("Xingye Venture Capital")	4 June 2008 PRC/PRC	40,000,000	20.00	–	Investment business
上海徐匯昂立小額貸款股份有限公司[1] Shanghai Xuhui Onlly Micro-credit Co., Ltd. ("Xuhui Onlly Micro-credit")	3 November 2012 PRC/PRC	150,000,000	20.00	–	Micro-credit services

蘇創燃氣股份有限公司[2] Suchuang Gas Co., Ltd. ("Suchuang Gas")	4 July 2013 Cayman Islands/ PRC	50,000,000	–	19.31	Sale of gas, provision of gas transmission and gas pipelines construction and installation
上海華燦股權投資基金合夥[1][4][5] Shanghai Huacan Equity Investment Fund Partnership (Limited Partnership)	10 March 2017 PRC/PRC	830,000,000	42.17	–	Investment fund
上海世合實業有限公司[1][6] Shanghai Shihe Industrial Co., Ltd. ("Shanghai Shihe")	11 March 2014 PRC/PRC	20,000,000	40.00	–	Investment fund

Notes:

1. The English names of the associates registered in the PRC represents the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

2. During the period, the Group held, directly or indirectly through its subsidiaries, less than 20% of the voting rights of these entities. Nevertheless, the directors concluded that the Group has significant influence over these entities and these entities are therefore accounted for as associates using equity method. Please refer to note 3(a) for basis of conclusion.

3. During the period, the Group acquired additional equity interests of 0.06% (2017: 0.95%) in Dazhong Transportation.

4. During the year ended 31 December 2017, the Company entered to a Partnership agreement to set up a fund for investing purpose, in which the Company held 60.24% equity interest of the partnership fund. However, Limited Partner is restricted

	As at 31 December 2017 RMB'000 (Audited)
— Listed debt investments (Note 23B)	11,743
— Listed equity investments (Note 23A)	121,698
— Unlisted equity investments (Note 23B)	817,402
	950,843
Less: Allowance for impairment losses	(57,599)
	893,244
— Investment-linked deposits* (Note 23A)	175,000

* 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 approximated their fair value, given that these deposits were with guaranteed rates of return and short maturities of within 3 months generally.

Note:

In 2017, the unlisted equity instruments held by the Group are issued by private companies. As the reasonable range of fair value

For the six months ended 30 June 2018

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 31 December 2017 RMB'000 (Audited)
Within 1 year	297,361
1 to 2 years	6,915
2 to 3 years	3,415
3 to 4 years	2,146
4 to 5 years	1,837
Over 5 years	15,749
	327,623
Less: Allowance for impairment losses	(20,974)
	306,649

The aged analysis of the trade and bills receivables from third parties of the Group, excluding the retention receivables, as at the end of the reporting period, based on the due date that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December 2017 RMB'000 (Audited)
Neither past due nor impaired	290,439
Within 1 year past due	4,126
1 to 2 years past due	6,370
2 to 3 years past due	3,073
3 to 4 years past due	1,302
4 to 5 years past due	919
	306,649

Receivables from third parties that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The table below reconciles the impairment loss of trade receivables:

	As at 31 December 2017 RMB'000 (Audited)
At beginning of the period/year	19,862
Impairment loss recognised	1,112
At end of the period/year	20,974

As at 30 June 2018, 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, solar equipment and hotel equipment financial leasing arrangements, is as follows:

Lease receivables					
Less: Unearned finance income	( )	( )	( )	( )	( )
Less: Allowance for impairment loss	( )	( )	( )	( )	( )
At 30 June 2018					

An aged analysis of lease receivables as at 30 June 2018, determined based on the age of the receivables since the effective dates of the relevant lease contracts, is as follows:

Within 1 year				
1 to 2 years				
2 to 3 years				
3 to 4 years				
4 to 5 years				
Less: Non-current portion				
Current portion				

As at 31 December 2017, 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 RMB'000 (Unaudited)	Machinery RMB'000 (Unaudited)	Solar equipment RMB'000 (Unaudited)	Hotel equipment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Lease receivables	34,900	1,195,625	212,708	66,815	1,510,048
Less: Unearned finance income	(1,993)	(129,385)	(9,908)	(4,556)	(145,842)
Less: Allowance for impairment loss	–	(332)	–	(14,621)	(14,953)
At 31 December 2017	32,907	1,065,908	202,800	47,638	1,349,253

For the six months ended 30 June 2018

For the six months ended 30 June 2018

The components and movements in deferred tax liabilities and assets during the six months ended 30 June 2018 are as follows:

	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017 (Audited)	636	4,124	(77,343)	(6,147)	(78,730)
Credited/(charged) to profit or loss	9,149	3,316	3,152	(26,577)	(10,960)
Credited to other comprehensive Income	–	–	62,233	25,071	87,304
At 31 December 2017 (Audited)	9,785	7,440	(11,958)	(7,653)	(2,386)
Impact on initial application of IFRS 9	3,311	–	(81,405)	–	(78,094)
At 1 January 2018	13,096	7,440	(93,363)	(7,653)	(80,480)
Credited/(charged) to profit or loss	3,954	1,350	(732)	1,566	6,138
Charged to other comprehensive Income	–	–	–	–	4,533
Disposal of the subsidiary	(5,439)	–	–	–	(5,439)
At 30 June 2018 (Unaudited)	11,611	8,790	(89,362)	(6,087)	(75,248)

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 for financial reporting purposes:

	As at 31 December 2017 RMB'000 (Audited)
Deferred tax assets	32,406
Deferred tax liabilities	(34,792)
	(2,386)

Deferred tax assets have not been recognised for the following:

	As at 31 December 2017 RMB'000 (Audited)
Deductible temporary differences	202,583
Unused tax losses	474,385
	676,968

No deferred tax asset is recognised in relation to such tax losses and other deductible temporary differences due to the unpredictability of future profit streams.

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

	As at 31 December 2017 RMB'000 (Audited)
Loan receivables	160,830
Less: Allowance for impairment losses	(23,323)
Current portion	137,507

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

( )

	As at 31 December 2017 RMB'000 (Audited)
Listed equity investments (Note 17)	19,440
Unlisted equity investments (Note 17)	–
Investment-linked deposits with variable income (Note 17)	–
Listed debt investments (Note 17)	1,738
	21,178
Less: Non-current portion	–
Current portion	21,178

After initial adoption of IFRS 9 on 1 January 2018, the listed equity investment, unlisted equity investments and investment-linked deposits are reclassified as financial assets at fair value through profit or loss.

( )

	As at 31 December 2017 RMB'000
– Listed equity investments (Note 17)	–
– Listed debt investments (Note 17)	–
	–

After initial adoption of IFRS 9 on 1 January 2018, the listed equity investments and listed debt investments are reclassified as financial assets at fair value through other comprehensive income.

For the six months ended 30 June 2018

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

	As at 31 December 2017 RMB'000 (Audited)
On demand or within one year	3,008,013
More than one year, but not exceeding two years	827,882
More than two years, but not exceeding five years	–
	3,835,895

The carrying amounts of the Group's current interest-bearing bank loans approximate to their fair values.

The Group's interest-bearing bank loans are secured by the pledges of the following assets with carrying values at the end of the reporting periods as follows:

	Notes	As at 31 December 2017 RMB'000 (Audited)
Amount due from grantor	(i)	618,368
Trade receivables	(ii)	178,243
Concession rights	(iii)	549,707
Pledged deposits	(iv)	209,010

Notes:

(i) Bank loans amounting to RMB99,000,000 (31 December 2017: RMB128,000,000) as at 30 June 2018 were secured by the amount due from grantor in note 20.

(ii) Bank loans amounting to RMB791,501,000 (31 December 2017: RMB353,985,000) as at 30 June 2018 were secured by trade receivables in note 18.

(iii) Bank loans amounting to RMB151,904,000 (31 December 2017: RMB117,684,000) were secured by concession rights of certain wastewater plants in note 15.

(iv) A bank loan amounting to USD30,500,000 as at 30 June 2018 was fully repaid (31 December 2017: secured by pledged deposits USD30,500,000) in note 24.

At 30 June 2018, the Company has issued guarantees to banks to secured banking facilities granted to certain subsidiaries to the extent of RMB4,000,000,000 (31 December 2017: RMB2,500,000,000). The aforesaid bank loans outstanding as at 30 June 2018 were RMB1,653,908,000 (31 December 2017: RMB1,242,257,000).

Most of the Group's bank borrowings agreements provide that without the lending banks' prior written consent, the Group cannot conduct reorganisations, mergers, consolidations, changes of major equity holders, changes of business model, transfer or sale of major assets, investments, guarantees, substantial increases of debt or other actions that may affect the Group's ability to repay the loans.

Included in unsecured loans were loan from a fellow subsidiary of Shanghai Gas Group, one of the shareholders of the Company, amounting to RMB300,000,000 (31 December 2017: RMB300,000,000) as at 30 June 2018. The balance was unsecured, interest bearing at interest rates of 3.92% (31 December 2017: 3.92%) per annum and repayable within one year (31 December 2017: one year).

The Group has aggregated banking facilities of RMB8,586,239,000 (31 December 2017: RMB8,189,758,000) granted from the bankers, of which RMB3,757,557,000 (31 December 2016: RMB3,835,859,000) was utilised and RMB4,828,682,000 (31 December 2017: RMB4,353,863,000) was unutilised as at 30 June 2018.

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 matured in six years on 5 January 2018 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 2012 bonds matured and repaid in January 2018.

As approved by the China Securities Regulatory Commission document [2017] No. 1928, the Company issued domestic corporate bonds with an aggregate principal amount of RMB500 million on 13 March 2018. The bonds mature in five years due on 13 March 2023 and bear fixed interest at 5.58% per annum.

The corporate bonds are stated at amortised cost. Interest is payable once every six months for 2012 bonds and interest is payable once a year for 2018 bonds.

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

	As at 31 December 2017 RMB'000 (Audited)
At beginning of the year	1,595,052
Add: New issue corporate bonds	–
Add: Interest expenses	93,174
Less: Interest and charge paid	(88,551)
Less: repaid principal	–
At end of the year	1,599,675
Less: Current portion due within 1 year	(1,599,675)
Non-current portion	–

As approved by the National Association of Financial Market Institutional Investors [2016] No. MTN378, the Company issued medium-term bonds with the principal amounts of RMB600 million and RMB500 million on 11 August 2017 and 18 August 2017 respectively. The bonds mature in 3 years due on 10 August 2020 and 17 August 2020 respectively, and bear interest at fixed interest rates 4.88% per annum and 4.85% per annum respectively.

The medium-term bonds are stated at amortised cost. Interest is payable once a year.

For the six months ended 30 June 2018

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

	As at 31 December 2017 RMB'000 (Audited)
At beginning of the year	302,417
Issued during the year	1,500,000
Repayment of short-term bond	(800,000)
Add: Interest expense	24,920
Less: Interest paid	(17,339)
At end of the year (current portion)	1,009,978

	As at 31 December 2017 RMB'000 (Audited)
Trade payables	
— Shanghai Gas Group	745,996
— Third parties	517,613
Bills payable	–
	1,263,609

For the six months ended 30 June 2018

	As at 31 December 2017 RMB'000 (Audited)
At beginning of the year	1,327,471
Additions	225,006
Released to profit or loss (Note 4)	(222,149)
At end of the year	1,330,328
Analysed into:	
Current	212,693
Non-current	1,117,635
At end of the year	1,330,328

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 June 2018, the deferred income included an amount of RMB139,434,000 (31 December 2017: 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 Dazhong Gas was transferred from Shanghai Municipal Assets Management Company (上海市政資產經營公司) 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 (31 December 2017: RMB8,944,000) which was accounted for as "other payables".

For the six months ended 30 June 2018

For the six months ended 30 June 2018

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

	Notes	As at 31 December 2017 RMB'000
In respect of:		
Share transfer agreements	(i),(iv)	51,678
Capital injection in subsidiaries	(ii),(iii)	82,671
Investment project	(v)	–

Notes:

(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 30 June 2018, the Group in aggregate has paid RMB237,273,000 (2017: RMB198,322,000) by installments and all shareholders have paid according to the equity interest proportion. The remaining balance of RMB12,727,000 (2017: RMB51,678,000) will be paid together with other shareholders in accordance with equity interest proportion for further investment needs.

(ii) On 22 December 2017, the Group set up a new subsidiary in Vietnam namely Dazhong (Vietnam) Corporation Limited with registered capital of USD5,000,000 (equivalent to RMB32,671,000). As at 31 December 2017, the registered Capital of this subsidiary was not yet paid up. As at 30 June 2018, the amount has been fully paid.

(iii) During the year ended 31 December 2017, the Company's 50% subsidiary, Shanghai Dazhong Gas increased the registered capital by RMB200,000,000, which RMB100,000,000 was paid up as at 31 December 2017. The remaining amount of RMB100,000,000 has been paid by the Company together with other shareholders in 2018.

(iv) On 18 May 2018, the Company entered into Equity Transfer Agreement with Mr. Lin Kewen and Mr. Lin Leiyuan, pursuant to which the Company shall acquire 100% equity interests in Shanghai Ruyu which was owned as to 89% by Mr. Lin Kewen and as to 11% by Mr. Lin Leiyuan, and 49% equity interests in Shanghai Huiran held by Mr. Lin Kewen, respectively, for a consideration of approximately of RMB1,077,961,000 and RMB527,144,000, respectively. Up to 30 June 2018, The Company paid approximately of RMB431,184,000 for 40% of the consideration of Ruyu and approximately of RMB210,858,000 for 40% of the consideration of Huiran. As at 30 June 2018, the remaining consideration to be paid for Yurui and Huiran was approximatly was RMB646,777,000 and RMB316,287,000 respectively

(v) During the six months ended 30 June 2018, the Group had entered into a partnership agreement for a capital contribution of RMB700,000,000, and the proportion of the contribution was 42.17%. Up to 30 June 2018, RMB530,000,000 was paid by the Group. The remaining RMB170,000,000 was paid subsequent to the reporting date on 2 July 2018.

During the six months ended 30 June 2018, the Group entered into the following significant transactions with its related parties as follows:

	2017 RMB'000 (Unaudited)
Shanghai Gas Group	
Purchase of piped gas	1,556,546
Rental expenses	2,480
Associates	
Rental expenses	2,236
Shanghai Gas Group's Subsidiary	
Purchase of piped gas	–
Shanghai Gas Group's affiliate	
Interest expense	4,921

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.

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

	2017 RMB'000 (Unaudited)
Basic salaries and other benefits	12,437
Pension scheme contributions	651
Total compensation paid to key management personnel	13,088

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 16, 27 and 28 respectively, the balances with its related parties are listed as follows:

	Notes		As at 31 December 2017 RMB'000 (Audited)
Prepayment			
Dazhong Building	(i)		140
Shanghai Natural Gas Network Management Company Limited ("Shanghai Natural Gas")	(ii)		–
Dividend receivable			
Shanghai Xuhui Onlly Mirco-credit	(iii)		876
Shanghai Hangxin	(iv)		8,145
Dazhong Transportation	(v)		–
Other receivables			
Shanghai Xuhui Onlly Micro-credit	(iii)		320
Shanghai Shihe	(vi)		322,218

(i) Shanghai Dazhong Building Co., Ltd ("Dazhong Building") is a subsidiary of an associate of the Group, namely Dazhong Transportation.

(ii) Shanghai Natural Gas is a subsidiary of Shanghai Gas Group.

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

(iv) Shanghai Hangxin is an associate of the Group.

(v) Dazhong Transportation is an associate of the Group.

(vi) Shanghai Shihe is an associate of the Group.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value				
– Listed equity investments				
– Listed debt investments				
– Investment-linked deposits				
– Unlisted equity investments				

	31 December 2017			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value				
– Listed equity investments	141,138	–	–	141,138
– Listed debt investments	13,481	–	–	13,481
	154,619	–	–	154,619

A subsidiary of the Group, Dazhong Financial Leasing filed a lawsuit against 2 finance lessees for failure to repay the financial lease payment in time. The case was first heard in Shanghai on 24 July 2018. The Xuhui District People's Court held a hearing and has not yet decided as of the reporting date.

A subsidiary of the Group,