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上海大眾公用事業（集團）股份有限公司

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(S c C de: 1635)

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION TITLE TRANSFER AND LEASEBACK OF ASSETS

TITLE TRANSFER AGREEMENT AND LEASEBACK

On 26 November 2019, Shanghai Dazhong Financial Leasing, being a non-wholly owned subsidiary of the Company, entered into the Title Transfer Agreement and the Leaseback Agreement with Shanghai Dazhong Business Management, Shanghai Dazhong Xingguang, Shanghai Dazhong Wanxiang and Shanghai Yixiang. The Assets were transferred from Shanghai Dazhong Business Management, Shanghai Dazhong Xingguang, Shanghai Dazhong Wanxiang and Shanghai Yixiang to Shanghai Dazhong Financial Leasing. Meanwhile, the Assets shall be leased back to Shanghai Dazhong Business Management, Shanghai Dazhong Xingguang, Shanghai Dazhong Wanxiang and Shanghai Yixiang which are also obliged to pay rents. The Title Transfer and Leaseback of Assets do not constitute a significant asset restructuring under the Administrative Measures on Significant Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》).

LISTING IMPLICATION

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LEASEBACK AGREEMENT

The principal terms of the Leaseback Agreement are summarized as follows:

Date: 26 November 2019

Parties: Lessees: Shanghai Dazhong Business Management, a substantial shareholder of the Company; Shanghai Dazhong Xingguang, a subsidiary of Shanghai Dazhong Business Management; Shanghai Dazhong Wanxiang, an indirect subsidiary of Shanghai Dazhong Business Management; and Shanghai Yixiang, an indirect subsidiary of Shanghai Dazhong Business Management

Lessor: Shanghai Dazhong Financial Leasing, a non-wholly owned subsidiary of the Company

Pursuant to the Leaseback Agreement, the Assets shall be leased back to the Lessees during the Lease Period at the total rent of RMB140,251,471.68, which was determined based on an annual rental rate of 4.75%, which was in turn determined after arm's length negotiation and with reference to the prevailing market practice. Such lease consideration shall be paid by cash by the Lessees to the Lessor during the Lease Period in twelve (12) instalments on a quarterly basis.

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The annual cap for the Leaseback under the Leaseback Agreement for each of the year upon the Leaseback Agreement becoming effective is RMB46,750,490.56, which is determined based on the annual rent payable by the Lessees to the Lessor pursuant to the Leaseback Agreement.

INFORMATION ON THE COMPANY

The principal business of the Company is the provision of public utility services. It also engages in strategic and financial investments in associated companies in public utility and other industries. The Company is the leading public utility service provider in Shanghai.

INFORMATION ON THE TRANSFEREE/LESSOR

The Transferee/Lessor is a non-wholly owned subsidiary of the Company which principally engages in financial leasing activities.

INFORMATION ON THE TRANSFERORS/LESSEES

The principal business of the Shanghai Dazhong Business Management includes taxi operation service, investment management service, investment consulting service and sales of auto parts.

The principal business of the Shanghai Dazhong Xingguang is taxi operation.

The principal business of Shanghai Dazhong Wanxiang includes auto repair and sales of auto parts.

The principal business of Shanghai Yixiang includes quality inspection services.

REASONS FOR THE TITLE TRANSFER AND LEASEBACK OF ASSETS

The Title Transfer and Leaseback of Assets are conducive to the expansion of the business scale and to the increase of stable income for the Transferee/Lessor. The qualifications of the Transferors/Lessees are satisfactory. The risks associated with the current finance lease is relatively small, and the rental return can be guaranteed with no damage to the interests of small and medium-sized shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Title Transfer and Leaseback of Assets are on normal commercial terms or better and in the ordinary and usual course of business of the Group, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, Mr. Yang Guoping (楊國平) and Mr. Liang Jiawei (梁嘉瑋), who are the executive Directors are also the directors of Shanghai Dazhong Business Management, were required and had abstained from voting at the nineteenth meeting of the tenth session of the Board approving the Title Transfer Agreement and the Leaseback Agreement. Save as disclosed above, none of the Directors has any material interest in the Title Transfer and Leaseback of Assets and thus be required to abstain from voting on the relevant Board resolutions.

"Annual Caps"	the annual caps of the Leaseback under the section headed "Annual Caps"
"Assets"	the 540 taxis (with operating licenses), equipment and ancillary tools which form the subject matter under the Title Transfer Agreement and the Leaseback Agreement, among which (i) 311 taxis (with operating licenses) belong to Shanghai Dazhong Business Management; (ii) 229 taxis (with operating licenses) belong to Shanghai Dazhong Xingguang; (iii) equipment and ancillary tools amounted to a book value of RMB24,829,941.85 belong to Shanghai Dazhong Wanxiang; and (iv) equipment and ancillary tools amounted to a book value of RMB9,747,900 belong to Shanghai Yixiang
"Board"	the board of Directors
"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 1 January 1992, whose A shares and H shares have been listed on the Shanghai Stock Exchange since 4 March 1993 (stock code: 600635.SH) and the Main Board of the Stock Exchange since 5 December 2016 (stock code: 1635)
"Consideration"	the consideration pursuant to the Title Transfer Agreement, which is RMB130 million
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Lease Period"	a period of three (3) years which is expected to commence from the date of payment of the Consideration by the Lessor
"Leaseback"	the leaseback of Assets from the Lessor to the Lessees pursuant to the Title Transfer Agreement

"Leaseback Agreement"	the leaseback agreement dated 26 November 2019
"Lessees"	Shanghai Dazhong Business Management, Shanghai Dazhong Xingguang, Shanghai Dazhong Wanxiang and Shanghai Yixiang
"Lessor"	Shanghai Dazhong Financial Leasing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratio(s)"	has the meaning ascribed to it in the Listing Rules
"PRC"	The People's Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"RMB"	renminbi, the lawful currency of the PRC
"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 10 March 1995 and the substantial shareholder of the Company
"Shanghai Dazhong Financial Leasing"	Shanghai Dazhong Financial Leasing Co., Ltd.* (上海大眾融資租賃有限公司), a limited liability company incorporated in the PRC on 19 September 2014 and owned as to 55% by the Company
"Shanghai Dazhong Wanxiang"	Shanghai Dazhong Wanxiang Auto Repair Co., Ltd.* (上海大眾萬祥汽車修理有限公司), a limited liability company incorporated in the PRC on 26 December 1991 and indirect wholly owned by Shanghai Dazhong Business Management
"Shanghai Dazhong Xingguang"	Shanghai Dazhong Xingguang Taxi Co., Ltd.* (上海大眾星光出租汽車有限公司), a limited liability company incorporated in the PRC on 10 July 1990 and wholly owned by Shanghai Dazhong Business Management

"Shanghai Yixiang"	Shanghai Yixiang Motor Vehicle Testing Co., Ltd.* (上海軼祥機動車檢測有限公司), a limited liability company incorporated in the PRC on 28 April 1997 and indirect wholly owned by Shanghai Dazhong Business Managment
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Title Transfer"	the title transfer of Assets from the Transferor to the Transferees pursuant to the Title Transfer Agreement
"Title Transfer Agreement"	the title transfer agreement dated 26 November 2019
"Title Transfer and Leaseback of Assets"	Title Transfer and Leaseback
"Transferee"	Shanghai Dazhong Financial Leasing
"Transferors"	Shanghai Dazhong Business Management, Shanghai Dazhong Xingguang, Shanghai Dazhong Wanxiang and Shanghai Yixiang
"Valuation Report"	the valuation report dated 12 November 2019, which assessed the value of the taxis and their operating licenses, equipment and ancillary tools under the Assets using the cost approach and income approach

By order of the Board
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Shanghai, the PRC
26 November 2019

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