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

(Stock Code: 1635)

CONTINUING CONNECTED TRANSACTION
ENTERING INTO THE LOAN MUTUAL GUARANTEE AGREEMENT

INTRODUCTION

On March 30, 2020, the Company entered into the Loan Mutual Guarantee Agreement with Shanghai Dazhong Business Management, pursuant to which, the annually cumulative amount of mutual guarantee to be provided by the Parties to each other is not more than RMB500 million, that is, the annually cumulative amount of guarantee to be provided by the Company to Shanghai Dazhong Business Management is not more than RMB500 million, and the annually cumulative amount of guarantee to be provided by Shanghai Dazhong Business Management to the Company is not more than RMB500 million, so as to provide an agreement on the mutual guarantee of loans or financing to be provided by the Parties from financial institutions (the "Mutual Guarantee"). The Company and Shanghai Dazhong Business Management will enter into separate guarantee agreement with creditor banks or financial institutions pursuant to the Loan Mutual Guarantee Agreement and upon the Parties' requests.

THE LOAN MUTUAL GUARANTEE AGREEMENT

The principal terms of the Loan Mutual Guarantee Agreement are as follows:

Date

March 30, 2020

Parties

(1) the Company; and

(2) Shanghai Dazhong Business Management, a Connected Person of the Company

(each a “Party”, collectively the “Parties”)

Mutual Guarantee Period

36 months from the Effective Date (“the Validity Period”).

Transaction Nature

The annually cumulative amount of mutual guarantee to be provided by the Company and

Proposed Annual Caps

The Proposed Annual Caps under the Loan Mutual Guarantee Agreement shall be as follows:

	From the Effective Date[(i)] to December 31, 2020	For the year ending December 31, 2021	For the year ending December 31, 2022	From January 1, 2023 to June 21, 2023[(ii)]
Annual caps for the Company's Guarantee	500,000,000	500,000,000	500,000,000	500,000,000
Annual caps for Shanghai Dazhong Business Management's Guarantee	500,000,000	500,000,000	500,000,000	500,000,000

(i) 201 .

(ii) .

The Proposed Annual Caps should be determined by taking into account the following factors:

(i) The Board expects that the Company will require not more than RMB500 million financing from banks or financial institutions to be guaranteed by Shanghai Dazhong Business Management for each financial year ending December 31 during the Validity Period; and

(ii) The management of Shanghai Dazhong Business Management informed the Company that it will require not more than RMB500 million financing from banks or financial institutions to be guaranteed by the Company for each financial year ending December 31 during the Validity Period in view of the current business activities of Shanghai Dazhong Business Management.

As at the date of this announcement, the Company didn't provide any guarantee to Shanghai Dazhong Business Management, and Shanghai Dazhong Business Management didn't provide any guarantee to the Company.

Scope of Mutual Guarantee

The Parties' scope of mutual guarantee under the Loan Mutual Guarantee Agreement are all

Commission Fees

The Loan Mutual Guarantee Agreement shall be implemented on an equal basis. For each financial year ending on December 31 during the Validity Period, each Party shall calculate the commission fees receivable for the loans guaranteed in that financial year according to the following formula.

If the total amount of commission fees receivable by one party is equal to the total amount of commission fees receivable by the other party during the relevant financial year, neither party to the Loan Mutual Guarantee Agreement shall be required to pay commission fees.

If the total amount of commission fees receivable from one party (the "Receivable Party") is higher than the total amount of commission fees receivable from the other party (the "Payable Party") during the relevant financial year, the Payable Party shall pay the net amount of commission fees to the Receivable Party in cash within three months after December 31 of that financial year.

The commission fee for each guarantee = the guarantee amount x (days of effective guarantee during the year/365) x the guarantee commission fee rate. For the avoidance of doubt, if one party requires the other party to guarantee more than one loan in a financial year, the total commission fee payable by that party to the other party will be the sum of the commission fees incurred from each guarantee. The guarantee commission fee rate for each deal is determined and agreed with reference to the commission market rate of third-party guarantors, which is expected ranging from 0.3% to 0.8%.

Use of the Proceeds from Loans

Use of the proceeds from loans shall be complied with the national industrial policies and within the operation scope permitted by the business license.

Internal Control

In order to minimize the risk ceeds

(b) monitor the implementation of each individual guarantee provided by the Company under the Loan Mutual Guarantee Agreement.

(c) periodically review and make sure no material adverse events or litigations will substantially affect the financial condition and operation of Shanghai Dazhong Business Management and to determine the effect on the guarantee, including if they will constitute a breach.

(d) periodically review and examine any material adverse changes in the business, property, assets or operations of Shanghai Dazhong Business Management, or its ability to perform any of its obligations under the Loan Mutual Guarantee Agreement.

(e) The Company will conduct review on the prevailing market rate for providing/receiving a guarantee to/from a third party guarantee service provider (including market reference from financial institutions) from time to time, to determine each commission fee rate is within the range from 0.3% to 0.8%.

REASONS FOR AND BENEFITS OF THE LOAN MUTUAL GUARANTEE AGREEMENT

The Company and Shanghai Dazhong Business Management signed the Loan Mutual Guarantee Agreement to meet the Company's daily production and operating capital turnover requirements, which is beneficial to the Company's continuous production and operation. The other party, Shanghai Dazhong Business Management, is the Company's single largest Shareholder with good asset quality and stable production and operation.

It is a common commercial practice in the PRC for lenders to require guarantees as collateral for granting loans to borrowers. Especially for privately held companies, Chinese banks usually require guarantees before granting loans.

The Board believes that mutual guarantee arrangement will enable the Company to obtain bank financing, and this will minimize the cost of the Company's financing activities.

The Directors (including the independent non-executive Directors) confirm that the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) were signed according to normal commercial terms, fair and reasonable. Although the Loan Mutual Guarantee Agreement was not entered into in the ordinary and usual course of business of the Group, the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

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. Shanghai Dazhong Business Management is the single largest shareholder of the Company.

Shanghai Dazhong Business Management

The principal businesses of Shanghai Dazhong Business Management are taxi operation services, investment management services, investment consultancy services and sale of automobile components. Shanghai Dazhong Business Management is ultimately held by 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), which is a holding vehicle.

LISTING RULES IMPLICATION

As at the date of this announcement, Shanghai Dazhong Business Management is a Substantial Shareholder of the Company and therefore a Connected Person of the Company. Accordingly, the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) is higher than 0.1% but less than 5%, the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Yang Guoping (an executive Director of the Company) and Mr. Liang Jiawei (an executive Director of the Company) are directors of Shanghai Dazhong Business Management, they are treated as having material interests in the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and have abstained from voting regarding the resolutions of the Board for approving the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). Save as disclosed above, none of the Directors has any material interests in the Loan Mutual Guarantee Agreement and the transactions contemplated thereunder and are therefore required to abstain from voting regarding the relevant resolutions of the Board.

DEFINITIONS

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

"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
"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, whose A Shares have been listed on the Shanghai Stock Exchange since March 4, 1993 (Stock Code: 600635.SH) and H Shares have been listed on the Main Board of the Stock Exchange since December 5, 2016 (Stock Code: 1635)
"Connected Person(s)"	has the meaning ascribed thereto under the Listing Rules

"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Mutual Guarantee Agreement"	the loan mutual guarantee agreement entered into between the Company and Shanghai Dazhong Business Management dated March 30, 2020
"PRC"	The People's Republic of China which, for the purposes of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
"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
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Share(s)
"Shares"	A Shares and H Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it in the Listing Rules

"%"	per cent
"Proposed Annual Caps"	Proposed annual caps for the Loan Mutual Guarantee Agreement for 36 months ending June 21, 2023

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

Shanghai, the People's Republic of China
March 30, 2020