



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

(Stock Code: 1635)

CONNECTED TRANSACTION PROVISION OF FACTORING FINANCING BUSINESS

PROVISION OF FACTORING FINANCING BUSINESS

On 16 May 2023, Dazhong Factoring (a subsidiary of the Company) entered into a Domestic Factoring Business Contract with Dazhong Wanxiang, pursuant to which Dazhong Factoring has agreed to provide factoring financing to Dazhong Wanxiang and Dazhong Wanxiang has agreed to transfer its accounts receivable in Master Contracts to Dazhong Factoring, while Dazhong Factoring will conduct factoring service of accounts receivable with rights of recourse for Dazhong Wanxiang.

LISTING RULES IMPLICATIONS

Dazhong Factoring is a subsidiary of the Company. Dazhong Business Management is a substantial shareholder of the Company. Dazhong Wanxiang is a subsidiary of Dazhong Business Management. Therefore, Dazhong Wanxiang is a connected person of the Company by virtue of being an associate of Dazhong Business Management. According to the Listing Rules, the Domestic Factoring Business Contract and transaction contemplated thereunder constitute a connected transaction of the Company. According to Rule 14A.81 of the Listing Rules, if a series of transactions are all entered into or completed within the same 12-month period or are otherwise related such transactions shall be calculated on an aggregated basis and treated as a single transaction. As the Group conducted relevant transactions with Dazhong Wanxiang within the past twelve months, such transactions shall be calculated on an aggregated basis and as the highest applicable percentage calculated on an aggregated basis exceeds 0.1% but is less than 5%, the Domestic Factoring Business Contract and transaction contemplated thereunder are subject to the announcement requirement but are exempted from the circular and independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 16 May 2023, Dazhong Factoring (a subsidiary of the Company) entered into a Domestic Factoring Business Contract with Dazhong Wanxiang, pursuant to which Dazhong Factoring has agreed to provide factoring financing to Dazhong Wanxiang and Dazhong Wanxiang has agreed to transfer its accounts receivable in Master Contracts to Dazhong Factoring, while Dazhong Factoring will conduct factoring service of accounts receivable with rights of recourse for Dazhong Wanxiang.

FACTORING FINANCING BUSINESS

The key terms of the Domestic Factoring Business Contract are set forth as follows:

Date	:	16 May 2023
Contracting parties	:	Shanghai Dazhong Commercial Factoring Co., Ltd (a subsidiary of the Company) Shanghai Dazhong Wanxiang Automobile Repair Co., Ltd (a connected person of the Company)
Financing amount and term of factoring financing	:	Dazhong Factoring agreed to provide Dazhong Wanxiang with factoring financing of an amount no more than RMB50 million with a term of no more than 12 months. Dazhong Wanxiang agreed to pay Dazhong Factoring a factoring annual interest rate of 4.5% and one-off handling charge of RMB400,000, which shall be repayed monthly from the 2nd month of the release of financing.

The factoring interest was determined by both parties after arm's length negotiation with reference to the outstanding amount (i.e., book value) of relevant accounts receivable at the last date of determining the composition of those relevant accounts receivables and the prevalent market interest for similar factoring transactions.

Transaction content : The factoring business with right of recourse to be provided by Dazhong Factoring to Dazhong Wanxiang means Dazhong Wanxiang will transfer the accounts receivable and ancillary interests incurred under the Master Contracts entered into by Dazhong Wanxiang and the Debtor as at the date of this announcement (inclusive) (including but not limited to security interests, lien interests, insurance interests, bill interests received due to such accounts receivable and any and all claims and related interests, overdue interest, penalty interest, compound interest, deposits, security deposits, insurance premiums, liquidated damages, late fees, damages, compensations and other charges payable arising from the date of transfer (inclusive)) to Dazhong Factoring, while Dazhong Factoring will provide factoring financing service for Dazhong Wanxiang.

Following the transfer of accounts receivable from Dazhong Wanxiang to Dazhong Factoring, Dazhong Factoring is entitled to all claims and ancillary interests but not obligations in relation to the accounts receivable under the Master Contracts, and Dazhong Wanxiang shall still continue to perform its obligations to Debtor under the Master Contracts, provided that Dazhong Wanxiang fails to perform the aforesaid obligations, the Debtor may not refuse to perform payment obligations to Dazhong Factoring on this ground, nor shall the Debtor require Dazhong Factoring to perform relevant contract obligations on behalf of Dazhong Wanxiang.

Where the Debtor fails to make payment when accounts receivable are due, and Dazhong Factoring has provided factoring financing to Dazhong Wanxiang, Dazhong Factoring may exercise its right of recourse against Dazhong Wanxiang by transferring the accounts receivable to Dazhong Wanxiang and require Dazhong Wanxiang to pay the accounts receivable and other amounts.

REASONS FOR THE TRANSACTION

Dazhong Wanxiang is a company with sound credibility. The transaction contemplated under the Domestic Factoring Business Contract (the “**Transaction**”) will enable Dazhong Factoring to expand its business and facilitate Dazhong Factoring to generate stable income with controllable risk exposure. In the meantime, the Transaction will help Dazhong Wanxiang shorten its time to collect accounts receivable and increase fund utilization efficiency. Therefore, the Board believes Dazhong Factoring and Dazhong Wanxiang can effectively complete the Transaction.

Directors (including independent non-executive directors) are of view that the Domestic Factoring Business Contract and transaction contemplated thereunder are on normal commercial terms or better and are conducted in the ordinary and usual course of business of the Group, and are fair and reasonable and are in the interest of the Group and its Shareholders as a whole.

Mr. Yang Guoping and Mr. Liang Jiawei, our Directors, who serve as directors of Dazhong Business Management, are deemed to have material interest in the Domestic Factoring Business Contract and transaction contemplated thereunder and have abstained from voting on relevant Board resolutions. Save as disclosed above, none of the Directors has any interest in the Domestic Factoring Business Contract and transaction contemplated thereunder and be required to abstain from voting on relevant Board resolutions.

INFORMATION ABOUT CONTRACTING PARTIES

Information about Dazhong Factoring

Dazhong Factoring is a limited liability company incorporated in the PRC on 3 December

Information about Dazhong Wanxiang

Dazhong Wanxiang is a limited liability company incorporated in the PRC on 26 December 1991. Dazhong Wanxiang is a connected person of the Company and mainly engages in automobile repair and auto part sales. Dazhong Wanxiang is held by Dazhong Business Management, the single largest shareholder and a substantial shareholder of the Company, and 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).

LISTING RULES IMPLICATIONS

Dazhong Factoring is a subsidiary of the Company. Dazhong Business Management is a substantial shareholder of the Company. Dazhong Wanxiang is a subsidiary of Dazhong Business Management. Therefore, Dazhong Wanxiang is a connected person of the Company by virtue of being an associate of Dazhong Business Management. According to the Listing Rules, the Domestic Factoring Business Contract and transaction contemplated thereunder constitute a connected transaction of the Company. According to Rule 14A.81 of the Listing Rules, if a series of transactions are all entered into or completed within the same 12-month period or are otherwise related such transactions shall be calculated on an aggregated basis and treated as a single transaction. As the Group conducted relevant transactions with Dazhong Wanxiang within the past twelve months, such transactions shall be calculated on an aggregated basis and as the highest applicable percentage calculated on an aggregated basis exceeds 0.1% but is less than 5%, the Domestic Factoring Business Contract and transaction contemplated thereunder are subject to the announcement requirement but are exempted from the circular and independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the Board of Directors.
“Company”	Shanghai Dazhong Public Utilities (Group) Co., Ltd. a joint stock company incorporated in the PRC with limited liability on 1 January 1992, whose A Shares were listed on the Shanghai Stock Exchange (stock code: 600635.SH) on 4 March 1993, and whose H shares the main board of the Hong Kong Stock Exchange (stock code: 1635) on 5 December 2016.

“Dazhong Business Management”	Shanghai Dazhong Business Management Co., Ltd., a limited liability company incorporated in the PRC on 10 March 1995, the single largest shareholder and a substantial shareholder of the Company
“Dazhong Factoring”	Shanghai Dazhong Commercial Factoring Co., Ltd., a limited liability company incorporated in the PRC on 3 December 2021, a subsidiary of the Company
“Dazhong Wanxiang”	Shanghai Dazhong Wanxiang Automobile Repair Co., Ltd., a limited liability company incorporated in the PRC on 26 December 1991, a subsidiary of Dazhong Business Management
“Debtor”	Dazhong Transportation (Group) Co., Ltd. Dazhong Taxi Branch, a branch of Dazhong Transportation (Group) Co., Ltd., which is held as to approximately 26.87% by the Group as at the date of this announcement. Dazhong Transportation (Group) Co., Ltd. Dazhong Taxi Branch is a limited liability company incorporated in the PRC on 4 September 2003.
“Director(s)”	director(s) of the Company
“Domestic Factoring Business Contract”	the contract governing the provision of factoring financing business entered into by Dazhong Factoring and Dazhong Wanxiang on 16 May 2023
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Master Contracts”	The Vehicle Repair Services Agreement (Roewe) and the Vehicle Repair Services Agreement (Touran Taxis) entered into by and between Dazhong Wanxiang and the Debtor on 20 December 2022, in relation to the maintenance service to be conducted between 1 May 2023 and 31 December 2023.
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong SAR, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	Percentage

by order of the Board of Directors
Shanghai Dazhong Public Utilities (Group) Co., Ltd.

Yang Guoping

Shanghai, the PRC
16 May 2023

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