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上海大眾公用事業(集團)股份有限公司

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

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

(Stock Code: 1635)

CONNECTED TRANSACTION ENTERING INTO DOMESTIC FACTORING BUSINESS CONTRACT

DOMESTIC FACTORING BUSINESS CONTRACT

On 14 December 2023, Dazhong Factoring (a subsidiary of the Company) entered into the 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 the Master Contracts to Dazhong Factoring for Dazhong Factoring to conduct factoring of accounts receivable with 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 and therefore is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. 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 of the consolidated calculation of transactions 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 14 December 2023, Dazhong Factoring (a subsidiary of the Company) entered into the 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 the Master Contracts to Dazhong Factoring for Dazhong Factoring to conduct factoring of accounts receivable with recourse for Dazhong Wanxiang.

ENTERING INTO DOMESTIC FACTORING BUSINESS CONTRACT

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

Date	:	14 December 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 with an amount of no more than RMB50 million with a term of no more than 12 months. Dazhong Wanxiang agreed to pay Dazhong Factoring interest at an annual interest rate of 4.9% and one-off handling commission of RMB500,000, which shall be

The factoring interest has been determined by the 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 proposed factoring business with recourse by Dazhong Factoring to Dazhong Wanxiang means Dazhong Factoring factors all creditor's rights and relevant interests of all or part of accounts receivable undue as of the date of this announcement (inclusive) and all interests, overdue interest, penalty interest, compound interest, deposits, security deposits, insurance premiums, liquidated damages, late fees, damages, compensations and other charges payable incurred starting the date of this announcement (inclusive) under the Master Contracts with the Debtor, and the ancillary interests (including but not limited to security interests, lien interests, insurance interests, bill interests and other interests) starting from the date of this announcement (inclusive) to Dazhong Factoring for Dazhong Factoring to provide factoring financing business to 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 Master Contracts, and Dazhong Wanxiang shall still continue to perform its obligations to the Debtor under the Master Contracts, provided that if 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 proceeds to Dazhong Wanxiang, Dazhong Wanxiang 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 ENTERING INTO THE DOMESTIC FACTORING BUSINESS CONTRACT

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

Directors (including independent non-executive Directors) are of the view that the Transactions are on normal commercial terms or better terms 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, the Directors, who serve as directors of Dazhong Business Management, are deemed to have material interest in the Transactions and have abstained from voting on relevant Board resolutions. Save as disclosed above, none of the Directors has any interest in the Transactions 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 2021. Dazhong Factoring mainly engages in factoring financing, sales ledger (journal) management and collection of accounts receivable, etc. Dazhong Factoring is a wholly-owned subsidiary of the Company and Dazhong Business Management is the single largest shareholder of the Company. 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.

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).

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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 and H Shares are listed on the Shanghai Stock Exchange (stock code: 600635.SH) and the main board of the Hong Kong Stock Exchange (stock code: 1635) on 4 March 1993 and 5 December 2016, respectively
“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 14 December 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) entered into by and between Dazhong Wanxiang and the Debtor on 30 November 2023, in relation to the maintenance package conducted between 1 December 2023 and 30 November 2024
“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
Chairman of the Board
Yang Guoping

Shanghai, the PRC
14 December 2023

As of the date of this announcement, the executive Directors are Mr. YANG Guoping, Mr. LIANG Jiawei and Mr. WANG Baoping; the non-executive Directors are Mr. JIN Yongsheng and Mr. SHI Pingyang; and the independent non-executive Directors are Mr. JIANG Guofang, Ms. LI Yingqi, Mr. LIU Feng and Mr. YANG Ping.

* *For identification purpose only*