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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.*

(P ' R b C b)
(Stock Code: 1635)

2023

This announcement is made by Shanghai Dazhong Public Utilities (Group) Co., Ltd.* (the “ ”, together with its subsidiaries, collectively referred to as the “ ”), under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “ ”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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In order to objectively, truthfully and accurately reflect the Company’s financial position as of December 31, 2023 and its operating performance in 2023, based on the principle of prudence, the Company conducted impairment test on assets in each company under the consolidated statements and made impairment provision for assets with evidences of impairment. Based on the test results, impairment provision of approximate RMB27.9646 million should be made by the Company and its subsidiaries in 2023.

Impairment provision of RMB27,964,582.03 in total should be made for the year.

Details of the provision by asset category are as follows:

1.

Pursuant to relevant requirements of the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Company classifies account receivables based on materiality and credit risk characteristics. Impairment tests were conducted independently on individual account receivables that were material in terms of value or those that were not material in terms of value but bad debt provision of which were made individually. The Company divided customers or debtors based on different credit risk characteristics, and evaluated the expected credit loss of account receivables taking into account the aging categories. The Company calculated the default probability and default loss of account receivables based on historical experience, actual conditions and forward-looking estimates, and established an expected credit loss calculation model. Based on the expected credit loss of each category of accounts receivable, a provision for bad debts of RMB93,697.70 should be made for account receivables.

2.

Pursuant to relevant requirements of the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Company estimates the expected credit loss of other receivables individually

3.

The Company treats the impairment of financial assets measured at amortized cost based on expected credit loss and recognizes loss provision. During the period, the amount of debenture investments held by the Company at the first stage of the expected credit loss model was RMB589,952,844.19. The Company should make provision of RMB-1,330,685.27 for credit impairment loss of debenture investments pursuant to the accounting policies of the Company. The amount of debenture investments held by the Company at the third stage of the

6.

The Company measures the inventories based on the cost or the net realizable value (the estimated selling price of the inventories minus the estimated cost to be incurred before the completion, the estimated selling expenses and relevant taxes), whichever is lower, at the end of the period, and makes provision for impairment of inventories if the cost is higher than the net realizable value.

During the period, Nantong Dazhong Gas Co., Ltd.* (南通大眾燃氣有限公司), being a subsidiary should make provision for impairment of inventories of RMB357,942.03 as part of the raw material of liquefied natural gas (LNG) purchased was at a higher price at the end of the period and the net realizable value was lower than the book value.

During the period, Hainan Dazhong Ocean Industry Co., Ltd.* (海南大眾海洋產業有限公司), being a subsidiary appointed external evaluation agency to assess the recoverable amount of the Company's consumable biological assets — green seedlings and dragon fruit seedlings. According to the result, the Company should make provision for inventory depreciation of RMB65,517.62 as the recoverable amount of consumable biological assets was lower than the book value.

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Total profit of the Company in the 2023 consolidated statement will decrease by approximate RMB27.9646 million due to the impairment provisions made for the year.

The information contained in this announcement has been audited and reviewed by the Company's auditors. The Company will disclose further details of the Group's financial performance when releasing its financial results for the year ended December 31, 2023.

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By order of the Board

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Shanghai, the People's Republic of China
March 28, 2024

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