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)

INSIDE INFORMATION
ANNOUNCEMENT IN RELATION TO PROVISION FOR IMPAIRMENT AND WRITE-OFF OR SCRAP PARTIAL ASSETS FOR 2024

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

I. SUMMARY OF PROVISION FOR IMPAIRMENT AND WRITE-OFF OR SCRAPE PARTIAL ASSETS

In order to objectively, truthfully and accurately reflect the Company's financial condition as of December 31, 2024 and its operating performance in 2024, in accordance with the Enterprise Accounting Standard and the relevant provisions of the Company's accounting policies, based on the principle of prudence, the Company conducted comprehensive inventory and impairment test of assets in each company under the consolidated financial statements and made provision for impairment for assets with respect to which there are indicators of impairment assets that meet the write-off criteria were written off, and assets that need to be scrapped were scrapped. According to the test results, the Company and its subsidiaries (the "**Subsidiary(ies)**") need to make various provisions for impairment of RMB1.6133 million. A total of RMB8.2669 million of accounts receivable need to be written off this year. A total of RMB5.7296 million of fixed assets need to be scrapped this year.

II. DETAILS ABOUT PROVISION FOR IMPAIRMENT AND WRITE-OFF OR SCRAP PARTIAL ASSETS

(I) Provision for impairment of RMB1,613,264.58 in total should be made for the year.

Provisions made by asset category are as follows:

1. Provision for bad debt for accounts receivable

According to relevant provisions of the Enterprise Accounting Standard No. 22 — Recognition and Measurement of Financial Instruments, the Company classifies its accounts receivable based on the importance of the credit risk characteristics on the balance sheet date and separately conducts impairment test for receivables which are individually significant in amount or individually insignificant in amount but with respect to which bad debt provision is made individually. The Company groups its customers or debtors based on different credit risk characteristics, assesses the expected credit loss on accounts receivable in conjunction with age combination, calculates the probability of default and loss given default of accounts receivable based on historical experience, realistic condition and forward-looking projections, and establishes the calculation model for the amount of expected credit loss. The bad debt provision for accounts receivable with the amount of RMB5,324,535.42 needs to be made based on the expected credit loss rate of various combinations of accounts receivable.

2. Bad debt provision in other receivables

According to relevant provisions of the Enterprise Accounting Standard No. 22 — Recognition and Measurement of Financial Instruments, the Company estimates the expected credit loss on other receivables either individually or by combination. The Company determines whether its loss provision is measured at an amount equivalent to the expected credit loss on a financial instrument within the next 12 months or its lifetime according to whether the credit risk from other receivables has significantly increased since the initial recognition. The Company generally determines the three phases at which other receivables being overdue for no more than 30 days, 30–90 days or more than 90 days, in order to determine the method for making loss provision. Where there is objective evidence that a particular financial asset has incurred credit impairment, the Company makes impairment provision for the financial asset on an individual basis. As a part of other receivables was recovered in this year, a bad debt provision for other receivables in the amount of RMB658,511.61 need to be made according to the Company's policy.

3. ***Provision for impairment of debt investment***

The Company makes impairment treatment of financial assets at amortized cost and recognizes loss provision based on the expected credit loss. During the period, the amount of debt investments held by the Company at the first phase of the credit impairment loss model is RMB220,445,482.58, and the Company needs to make credit impairment loss of RMB-3,695,073.62 on debt investments according to the Company's accounting policies; the amount thereof at the third phase of the credit impairment loss model is RMB101,848,318.71, and the Company needs to make credit impairment loss of RMB672,179.58 on debt investments according to the Company's accounting policies; the aggregate impairment provision of RMB-3,022,894.04 is made for debt investments during the period.

4. ***Loss on impairment of other debt investments***

The Company makes impairment loss for financial assets (debt instruments) at fair value through other comprehensive income and recognizes loss provision based on the expected credit loss. In the current period, the Company needs to accrue credit impairment loss of RMB121.31 for other debt investments according to the Company's accounting policies.

5. ***Loss on impairment of financing lease receivable and factoring accounts receivable***

According to relevant provisions of the Enterprise Accounting Standard No. 22 — Recognition and Measurement of Financial Instruments, the Company uses the "three-phase" impairment model to measure its loss provision respectively, recognizes the expected credit loss and its changes and makes impairment provision for financing lease payments receivable and factoring accounts receivable through combination of individual item and portfolio. Where there is objective evidence that a particular financial asset has incurred credit impairment, the Company makes impairment provision for relevant financing lease receivable and factoring accounts receivable based on analysis and judgment of the debtor's financial and operating condition and estimation of manner and time of payment collection and by estimating historical loss experience, loss evolution period and other adjustment factors. In the current period, the Company needs to accrue impairment loss of RMB-1,400,132.01 on financing lease receivables and factoring accounts receivable according to the Company's accounting policies.

6. *Provision for impairment loss of inventory*

The Company measures the closing inventory at the lower of cost and net realizable value (the estimated selling price of inventory minus the cost estimated up to the time of completion, estimated selling costs and relevant taxes), and provision for impairment loss of inventory is made where the cost is higher than the net realizable value.

In the current period, a Subsidiary, Hainan Dazhong Ocean Industry Co., Ltd.* (海南大眾海洋產業有限公司) engaged an external valuation agency to assess the recoverable value of the Company's consumptive biological assets — beanstalk and dragon fruit seedlings, indicating that the provision for impairment loss of inventory of RMB53,122.29 needs to be made for the difference of the recoverable value of consumptive biological assets below the book balance.

(II) A total of RMB8,266,939.86 of accounts receivable need to be written off for this year.

In this year, Shanghai Weiming Biochemical Co., Ltd* (上海衛銘生化股份有限公司), Hainan Dazhong Ocean Industry Co., Ltd* (海南大眾海洋產業有限公司) and Shanghai Dazhong Run Supply Chain Management Co., Ltd.* (上海大眾運行供應鏈管理有限公司), the Subsidiaries, have substantially incurred bad debt loss and recognized its non-recoverability, due to excessively long ages of accounts receivable from its customers involved in their respective business, and failed collection through various methods and channels such as lawsuit, thus resulting in a corresponding balance of accounts receivable in the amount of RMB8,266,939.86, all of which provision for impairment has been made and is now proposed to be written off.

(III) A total of RMB5,729,553.23 of fixed assets need to be scrapped for this year.

In this year, the Company and its subsidiaries took a full inspection of fixed assets, construction in progress and other assets. Assets which are found destroyed, demolished, obsolete, irreparable or no longer producing economic benefits are scrapped. In this year, our subsidiaries Nantong Dazhong Gas Co., Ltd.* (南通大眾燃氣有限公司) and Shanghai Dazhong Gas Co., Ltd.* (上海大眾燃氣有限公司) write-off fixed assets such as obsolete pipeline networks and equipment with a book value of RMB5,729,553.23, which will reduce the Company's total profits of financial year 2024 by RMB5,729,553.23.

III. EFFECTS OF THIS PROVISIONING FOR ASSET IMPAIRMENT AND WRITE-OFF OR SCRAP PARTIAL ASSETS ON THE FINANCIAL CONDITION OF THE COMPANY

Various impairment provisions made in this year will reduce the Company's total profits of financial year 2024 on its consolidated statements of profit or loss by RMB1.6133 million. The accounts receivable written off this year will not affect the total profit of the consolidated financial statements of the Company for 2024. The fixed assets scrapped this year will reduce the total profit of the consolidated financial of the Company for 2024 by RMB5.7296 million.

The data contained herein has been audited and reviewed by the auditor of the Company. The Company will disclose further details about the financial performance of the Group when announcing its financial results for the year ended December 31, 2024.

Shareholders and prospective investors of the Company are advised to act prudently when dealing the shares of the Company.

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

Shanghai, the People's Republic of China
March 28, 2025

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

* *For identification purposes only.*