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. DE A S F S F A E A D G- FF F ASSE S

(I) Impairment provision of RMB97,319,717.97 in total should be made for this year.

Details of the provision by asset category are as follows:

1. [illegible]

Pursuant to relevant requirements of the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, on the balance sheet date, 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. We calculated the default probability and default loss of account receivables based on historical experience, actual conditions and forward-looking estimates, and established a calculation model on the expected credit loss. Based on the expected credit loss of each category of account receivables, a provision for bad debts of RMB1,974,077.88 should be made for account receivables.

2. [illegible]

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 or based on categories. The Company measures loss provision based on either the expected credit loss of the financial instrument in the next 12 months or the expected credit loss during its entire existence, which is determined based on whether the credit risk of other receivables has increased significantly since initial recognition. The Company usually determines the manner of making loss provision based on the three phases of other receivables, including overdue for no more than 30 days, overdue for 30-90 days and overdue for over 90 days. If there is objective evidence showing that a certain financial asset is credit-impaired, the Company shall make provision for impairment of such financial asset

individually. As some other receivables were recovered during the year, provision for bad debts in other receivables of RMB-306,832.14 should be made pursuant to the policies of the Company.

3. [illegible]

The Company treats the impairment of financial assets measured at amortized cost based on expected credit loss and recognizes loss provision. During the period, debenture investments held by the Company at the first phase of the credit impairment loss model amounted to RMB796,794,650.20, and the Company should make provision of RMB2,595,923.01 for credit impairment loss of debenture investments pursuant to the accounting policies of the Company; debenture investments held by the Company at the third phase of the credit impairment loss model amounted to RMB98,677,424.80, and the Company should make provision of RMB81,952,389.56 for credit impairment loss of debenture investments pursuant to the accounting policies of the Company. The total provision for impairment of debenture investments during the period amounted to RMB84,548,312.57.

4. [illegible]

The Company treats the impairment of financial assets (debt instruments) at fair value through other comprehensive income based on expected credit loss and recognizes loss provision. During the period, the Company should make provision of RMB-181.90 for credit impairment loss of other debenture investments pursuant to the accounting policies of the Company.

5. [illegible]

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.* (

( ) A ' a ' B44,189,875.69 h' ' ' ' h a .

During the year, for the financial lease receivables of Shanghai Dazhong Financial Leasing Co., Ltd.* (上海大眾融資租賃有限公司), being a subsidiary, due from China Smart Construction Group Co., Ltd.* (深圳藍波綠建集團股份有限公司) (hereinafter referred to as "CSC"), pursuant to the enforcement rulings of the People's Court of Xuhui District, Shanghai [(2019) Hu 0104 Zhi No. 1773], [(2019) Hu 0104 Zhi No. 1775] and [(2019) Hu 0104 Zhi No. 1777]* (【(2019)滬0104執1773號】、【(2019)滬0104執1775號】、【(2019)滬0104執1777號】), it was ruled that CSC had no property available for enforcement, nor could it provide clues to other property available for enforcement, and it did not meet the conditions for continuous enforcement. The enforcement procedure was ruled to be terminated. The Company made a provision for impairment of RMB44,189,875.69 for the financial lease receivables from CSC in an amount of RMB44,189,875.69, and it is currently planned for write-off treatment.

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Total profit of the Company in the 2022 consolidated statement will decrease by RMB97.3197 million due to the impairment provisions made for the year. The write-off made for the year will not have an impact on the profit or loss of the Company for the current period.

The information contained in this announcement has not been audited nor 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 12 months ended December 31, 2022.

Sha h' a ' ' h C' a a a ' ' ' a ' h a ' h ha ' h C' a .

By order of the Board
Sha hai Da h' ' ' i i ' (G ') C' ., .*
A G G ' '
Chairman

Shanghai, the People's Republic of China
March 30, 2023

As at 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. WANG Kaiguo, Ms. LI Yingqi, Mr. LIU Feng and Mr. YANG Ping.

* *For identification purpose only*