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II. DETAILS OF PROVISION FOR IMPAIRMENT

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:

3. Provision for impairment of debenture investments

The Company treats the impairment of financial assets measured at amortized

6. Provision for impairment of inventories

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▫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▫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.

III. IMPACT OF PROVISION FOR IMPAIRMENT OF ASSETS ON THE FINANCIAL POSITION OF THE COMPANY

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.

Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

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

As at 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