

Jiangsu Eastern Shenghong: 2023 Annual Results and Provision for Asset Impairment and Profit Distribution Proposal

Suzhou City, China, April 25, 2024

Jiangsu Eastern Shenghong Co., Ltd. (the "Company") today reported full year financial results of 2023.

- During the reporting period, the Company achieved revenue of RMB 140,439,738,058.63, an increase of 119.87% over the same period last year (after adjustment), net profit attributable to shareholders of the listed company of RMB 717,031,594.87, an increase of 17.35% over the same period last year (after adjustment). Net cash flows from operating activities accounts to RMB 8,342,940,306.17, an increase of 379.00% over the same period last year (after adjustment). The changes in revenue, profit and cash flow were mainly due to the full production of the company's Shenghong Refining and Chemical Integration Project reached in 2023.
- The provision for impairment of assets of 2023 decreased the total profit of the consolidated financial statement in 2023 by RMB 2,225.01 million. The Company conducted a comprehensive examination and impairment testing of various assets as of December 31, 2023. Based on the testing results, the Company made provisions for impairment for assets where impairment indicators were identified.
- To ensure a reasonable return to shareholders and support the Company's long-term development, it is proposed to distribute a cash dividend of RMB 1.00 (tax included) for every 10 A-shares held by shareholders in FY2023. This proposal needs to be submitted to the Annual General Meeting of the Company to be held on 21 May 2024 for review.

1. Key accounting data and financial indicators

	Year 2023	Year 2022		YoY increase or decrease
		Before adjustment	After adjustment ¹	After adjustment
Operating revenue (RMB)	140,439,738,058.63	63,822,315,669.45	63,872,900,064.79	119.87%
Net profit attributable to shareholders of the listed company (RMB)	717,031,594.87	548,162,571.15	611,000,794.98	17.35%
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss (RMB)	217,093,480.12	85,069,376.89	85,069,376.89	155.20%
Net cash flows from operating activities (RMB)	8,342,940,306.17	1,390,759,281.02	1,741,736,080.88	379.00%
Basic earnings per share (RMB/share)	0.11	0.09	0.10	10.00%
Diluted earnings per share (RMB/share)	0.11	0.08	0.09	22.22%

	Year 2023	Year 2022		YoY increase or decrease
		Before adjustment	After adjustment ¹	After adjustment
Return on weighted average net assets	1.98%	1.88%	2.07%	Decreasing by 0.09 ppt
	As at the end of 2023	As at the end of 2022		YoY increase or decrease
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	190,214,802,161.82	166,511,713,405.78	170,778,159,185.70	11.38%
Net assets attributable to shareholders of listed company (RMB)	35,451,093,147.62	35,700,833,600.61	36,302,893,877.81	-2.35%

Note: Retroactive adjustment of accounting data in 2022 was due to the Company's business combination under common control

2. Provision for Asset Impairment on the Financial Position of the Company

To provide a true and accurate reflection of the Company's asset condition and financial position as of December 31, 2023, the Company and its subsidiaries conducted impairment tests on various assets based on the principle of prudence and made provisions for the possible asset impairment as of December 31, 2023. The details as below:

Unit: RMB '0,000

Items		Amounts
Credit impairment losses (losses expressed with "-")	Bad dept provision	-1,481.22
Assets impairment losses (losses expressed with "-")	Provision for inventory impairment	-221,019.87
Total		-222,501.09

Note: The provision for asset impairment pertains to the reporting period from January 1, 2023, to December 31, 2023.

Our full announcement on Provision for Asset Impairment of 2023 is available on our website at <https://www.jsessh.com/en/tzzcat/other-announcements/>

3. Profit Distribution Proposal

The Company held the 14nd meeting of the 9th Board of Directors and the 10nd meeting of the 9th Board of Supervisors on April 24, 2023, which considered and unanimously approved the Proposal for Profits Distribution Plan of the Company in 2023.

To ensure a reasonable return to shareholders and support the Company's long-term development, while ensuring sufficient capital for production and operations, it is proposed by the Board of directors to the annual general meeting to be held on 21 May 2024 to distribute a cash dividend of RMB 1.00 (tax included) for every 10 A-shares held by shareholders in FY2023. The distribution will be based on the total share capital as of the Record Date to be determined in the future implementation of the distribution proposal. The proposed distribution will not include any bonus shares or involve converting capital reserve into share capital. If the total share capital of the Company changes before the Record Date of the implementation of the distribution proposal, the

Company will maintain the distribution ratio per share and adjust the total amount of distribution accordingly.

Our full announcement on Profit Distribution Proposal is available on our website at <https://www.jsessh.com/en/tzzcat/other-announcements/>.

Detailed Reporting

The Company's 2023 Annual Report can be downloaded via this link:

<https://www.jsessh.com/en/tzzcat/financial-statements/>

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About Jiangsu Eastern Shenghong Co., Ltd.

Led by a visionary management team, Shenghong has established leading positions in business segments including renewable energy materials, performance chemicals, petrochemicals, and chemical fiber industries. Underpinned by its leading position and high brand awareness, the products are widely adopted in downstream applications. In particular, Shenghong is a pioneer in the renewable energy materials and performance chemicals sector, and it intends to continually invest in this sector to capture its strong growth potential.

At present, the Company has the 16 million tons/year refining and chemical integration unit, 2.4 million tons/year MTO unit and 700,000 tons/year PDH unit, realizing the full coverage of three olefin production process routes, namely, "oil head", "coal head" and "gas head". Through the differentiated and diversified layout of raw material sources of "oil, coal and gas", the Company has more options and possibilities in terms of comprehensive cost control, coping with the risk of cyclical fluctuations, new product research and development, and process route selection of downstream high-end petrochemical products, building a solid foundation for the Company to further play the advantages of scale operation, reduce the operational risk caused by cyclical fluctuations of the industry, and better realize anti-cycle and cross - cycle steady development.

Disclaimer

This announcement contains forward looking statements, estimates, opinions and projections with respect to the anticipated performance of the Company ("forward-looking statements"). These

forward-looking statements can be identified by the use of forward-looking terminology, including the terms "forecast", "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements are based on the current views, expectations and assumptions of the management of the Company and involve significant known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Any forward-looking statements included herein only speak as at the date of this release. We undertake no obligation, and do not expect to publicly update, or publicly revise, any of the information, forward-looking statements or the conclusions contained herein or to reflect new events or circumstances or to correct any inaccuracies which may become apparent subsequent to the date hereof, whether as a result of new information, future events or otherwise. We accept no liability whatsoever in respect of the achievement of such forward-looking statements and assumptions.