

Stock code: 000301 Stock abbreviation: Eastern Shenghong Announcement number: 2024-056

Bond code: 127030 Bond abbreviation: Shenghong Convertible Bond

Jiangsu Eastern Shenghong Co., Ltd.

Announcement on Provision for Asset Impairment in Half Year 2024

The Company and all members of the Board of Directors warrant that the content of the information disclosure is true, accurate and complete, and there are no false representations, misleading statements or material omissions.

Jiangsu Eastern Shenghong Co., Ltd. (hereinafter referred to as “the Company”) held the 18th meeting of the 9th Board of Directors and the 12th meeting of the 9th Supervisory Committee on August 28, 2024, which approved the Proposal of Provision for Asset Impairment in Half Year 2024. Based on the provisions of the Shenzhen Stock Exchange's Guidelines for Self-Discipline Regulation of Listed Companies No.1 - Business Processing, the Company's Articles of Association, and the Internal Control System for Provision for Asset Impairment and Loss Treatment, this proposal does not require the submission to the General Meeting for consideration. The details are announced as follows:

I. Overview of the Provision for Asset Impairment

In accordance with the Accounting Standard for Business Enterprise (the “ASBE”) and the Company's relevant accounting policies, in order to objectively and fairly reflect the value of the Company's assets, financial condition, and operating results, the Company conducted a comprehensive examination and impairment testing of various assets as of June 30, 2024. It conducted a thorough analysis and evaluation of any indications of impairment in the value of the relevant assets, and based on the testing results, the Company made provisions for impairment for assets where impairment indicators were identified. The total provision for impairment of various assets made by the Company in half year 2024 amounts to RMB603.1318 million. The details are as below:

Unit: RMB '0,000

Items		Amounts
Credit impairment losses (losses expressed with "-")	Bad debt provision	-2,306.54

Assets impairment losses (losses expressed with "-")	Provision for inventory impairment	-58,006.64
Total		-60,313.18

Note: The provision for asset impairment pertains to the reporting period from January 1, 2024, to June 30, 2024.

II. Specific Information of the Provision for Asset Impairment

1. Accounts Receivable

In accordance with the ASBE and the Company's relevant accounting policies, the Company assessed the expected credit losses on account receivables as of June 30, 2024 and established a bad debt provision of RMB 23.0654 million in half year 2024.

2. Inventory

As of the balance sheet date, inventories are valued at the lower of cost or net realizable value. A provision for decline in the value of inventories is made if the cost is higher than the net realizable value.

The Company conducted impairment tests on its inventories as of June 30, 2024 and provided a provision for inventory impairment of RMB 580.0664 million in half year 2024.

III. Impact of the Provision for Asset Impairment on the Financial Position of the Company

The provision for impairment of assets in half year 2024 decreased the total profit of the Company's consolidated financial statement in half year 2024 by RMB 603.1318 million. The provision made for impairment of assets in half year 2024 complies with the ASBE and the Company's relevant accounting policies.

IV. Opinions of the Board of Directors

The Company's provision for asset impairment is in compliance with the ASBE and other relevant regulations, reflecting the principle of prudence in accounting. The basis for the provision is adequate and in line with the actual situation of the Company. After the provision for impairment is made, the Company's financial condition and asset value can be more accurately reflected, resulting in more reasonable accounting information of the Company. The Board of Directors agreed that the Company should make provision for the impairment of assets.

V. Special Review Opinions of the Supervisory Committee

After review, the Supervisory Committee believes that the procedures of the Board of Directors in considering the provision for asset impairment comply with the laws, regulations and the Company's Articles of Association; the provision complies with relevant requirements of the ASBE and other related regulations and is in line with the actual situation of the Company. After the provision for impairment is made, the Company's asset status and operating results are more fairly reflected.

VI. Documents Available for Inspection

1. Resolutions of the 18th Meeting of the 9th Board of Directors;
2. Resolutions of the 12th Meeting of the 9th Supervisory Committee.

This is hereby announced.

Jiangsu Eastern Shenghong Co., Ltd.
Board of Directors
August 29, 2024