

Stock code: 000301 Stock abbreviation: Eastern Shenghong Announcement number: 2023-049

Bond code: 127030 Bond abbreviation: Shenghong Convertible Bond

Jiangsu Eastern Shenghong Co., Ltd.

Announcement on Provision for Asset Impairment in First Quarter 2023

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 records, misleading statements or material omissions.

Jiangsu Eastern Shenghong Co., Ltd. (hereinafter referred to as “the Company”) held the 3rd meeting of the 9th Board of Directors and the 3rd meeting of the 9th Supervisory Committee on April 20, 2023, which approved the Proposal of Provision for Asset Impairment in First Quarter 2023. 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

To provide a true and accurate reflection of the Company's asset condition and financial position as of March 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 March 31, 2023. The details as below:

Unit: RMB10,000

Item	Provision
Bad debt provision	1,224.82
Provision for inventory impairment	27,299.55
Total	28,524.37

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

II. Specific Information of the Provision for Asset Impairment

1. Accounts Receivable

In accordance with the Accounting Standard for Business Enterprise (the “ASBE”) and the Company's relevant accounting policies, the Company assessed the expected credit losses on account receivables as of March 31, 2023 and established a bad debt provision of RMB12.2482 million in first quarter 2023.

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 March 31, 2023 and provided a provision for inventory impairment of RMB272.9955 million.

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

The provision for impairment of assets in FY2023Q1 decreased the total profit of the Company's consolidated financial statement in FY2023Q1 by RMB285.2437 million.

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 Accounting Standard for Business Enterprise 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 3rd Meeting of the 9th Board of Directors;
2. Resolutions of the 3rd Meeting of the 9th Supervisory Committee.

This is hereby announced.

Jiangsu Eastern Shenghong Co., Ltd.

Board of Directors

April 20, 2023