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Press Release - Ad-hoc announcement pursuant to Art. 53 LR

Jiangsu Eastern Shenghong Co., Ltd.

Announcement on the Postponement of the Biodegradable Materials Project (Phase I) by Subsidiary

Jiangsu Eastern Shenghong Co., Ltd. (hereinafter referred to as “the Company”) held the 21th meeting of the 9th Board of Directors on October 30, 2024, which approved the Proposal of Postponement of the Biodegradable Materials Project (Phase I) (hereinafter referred to as “the Project”) by Subsidiary and the Proposal of the Write-off of Company Assets. The company agrees to temporarily halt the Implementation of the Biodegradable Materials Project (Phase I) by Tier-3 Subsidiary, Lianyungang Hongke New Materials Co., Ltd., and authorizes the company’s Chairman to decide when to restart the Project based on external conditions, market demand, and the company's operational situation.. The details of this matter are as follows:

I. Project Information

On March 23, 2022, the Company held the 47th meeting of the 8th Board of Directors, which approved the Proposal of the Investment and Construction of the Biodegradable Materials Project (Phase I) by Subsidiary. It was agreed that the subsidiary, Lianyungang Hongke New Materials Co., Ltd., would be the investment entity responsible for the investment and construction of the Biodegradable Materials Project (Phase I).

1. Project Name: Lianyungang Hongke New Materials Co., Ltd. Biodegradable Materials Project (Phase I).

2. Location: This project is proposed to be built in the Xuwei New District of Lianyungang City, Jiangsu Province, covering a total area of approximately 48.92 hectares.

3. Construction Content and Scale: The Project plans to construct a Maleic anhydride unit with an annual capacity of 340,000 tons, a BDO unit with an annual capacity of 300,000 tons, and a PBAT unit with an annual capacity of 180,000 tons, along with supporting public facilities.

4. Total Investment: The total investment for the Project is RMB 7.471 billion, of which the construction investment is RMB 6.797 billion and working capital is RMB 336 million.

5. Source of Funds: Own funds, bank loans, etc.

For detailed information, please refer to the announcement titled "Announcement on the Investment and Construction of the Biodegradable Materials Project (Phase I) by Subsidiary," which was disclosed by the company on March 24, 2022, in the Securities Times, China Securities Journal, Shanghai Securities Journal, and CNINFO (<http://www.cninfo.com.cn>) (Announcement No. 2022-047).

II. Project Progress and Reasons for Postponement

As of now, the Project is at the pre-construction stage. Based on the actual development plan and current market conditions, the Company has re-evaluated the Project. Following a prudent approach, the Company intends to temporarily suspend the subsequent construction of the Biodegradable Materials Project (Phase I) and requests the Board of Directors to authorize the Company's Chairman to decide when to restart based on external conditions, market demand, and the Company's operational situation.

The decision of postponement of the Project is a cautious choice made by the Company based on the changing market conditions of the Project. It does not harm the interests of shareholders and will not have a significant adverse impact on the Company's current production and operations. This approach is beneficial for the rational use of funds and contributes to the Company's long-term healthy development.

III. Impact of Project Postponement on the Company and Asset Write-off Situation

According to the relevant provisions of the Accounting Standards for Business Enterprise (ASBE) and the Company's accounting policies, and to accurately reflect the Company's financial condition and asset value, the management has prudently assessed and written off the advance payments that are currently expected to be uncollectible, amounting to RMB 279.5351 million. Additionally, the Company has recognized the estimated liabilities. The above figures are unaudited and are subject to the final annual financial report audited by the Company's annual auditors.

The Proposal on the Company's Asset Write-off has been approved at the 21th meeting of the 9th Board of Directors and the 13th meeting of the 9th Board of Supervisors.

Board of Directors Opinion: The asset write-off is in accordance with the requirements of the ASBE and reflects the principle of accounting prudence. The basis for the write-off is sufficient and aligns with the Company's actual situation. After the write-off, the Company's financial condition

and asset value will be more accurately represented, making the Company's accounting information more reasonable. The Board of Directors agrees with the asset write-off.

Board of Supervisors Special Opinion: After review, the Board of Supervisors believes that the procedures followed by the Board of Directors in considering the asset write-off comply with legal, regulatory, and the Company's Articles of Association. This matter meets the relevant requirements of the ASBE, aligns with the Company's actual circumstances, and will more fairly reflect the Company's asset condition and operational results following the write-off.

IV. Documents Available for Inspection

1. Resolutions of the 21th Meeting of the 9th Board of Directors;
2. Resolutions of the 13th Meeting of the 9th Board of Supervisors.

This is hereby announced.

Jiangsu Eastern Shenghong Co., Ltd.
Board of Directors
October 30, 2024

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About Jiangsu Eastern Shenghong Co., Ltd.

Shenghong has established leading positions in business segments such as 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 may contain 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.