

## Jiangsu Eastern Shenghong: 2022 Full Year Results and Profit Distribution Proposal

Suzhou City, China, April 17, 2023

Jiangsu Eastern Shenghong Co., Ltd. (the "**Company**") today reported financial results for the full year ended 31 December 2022.

- During the reporting period, the Company achieved revenue of RMB 63.822 billion, an increase of 21.13% over the same period last year. The increase in revenue was mainly due to the production of new projects in the current period.
- During the reporting period, the Company achieved net profit attributable to shareholders of the listed company of RMB 548 million, a decrease of -88.02% over the same period last year. The decrease in net profit was mainly due to the increase in the cost of international crude oil and other raw materials, weak downstream demand and narrowing of product price spreads during the reporting period.
- The provision for impairment of assets in FY2022 decreased the total profit of the Company's consolidated financial statement in FY2022 by RMB 304.8542 million.
- 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 FY2022. This proposal needs to be submitted to the Annual General Meeting of the Company to be held on 10 May 2023 for review.

### 1. Operational measures during the reporting period

In 2022, in the face of a complex external environment and arduous development tasks, the Company anchored the strategic layout of 1+N new energy and new materials, braved difficulties with one mind, actively responded to the "triple pressures" of demand contraction, supply shock and weakening expectation, promoted industrial development while improving green and safe development, utilized Shenghong's speed and quality in the construction of key projects, industrial development, technological innovation and transformation and upgrading, optimized the structure of its main business, made new strides in high-quality development and realized the phased target strategy.

As at the end of the reporting period, the Company had total assets of RMB 166.512 billion and net assets attributable to shareholders of the listed company of RMB 35.701 billion.

### 2. Key accounting data and financial indicators

	2022	2021	YoY increase or decrease
Revenue (RMB Yuan)	63,822,315,669.45	52,690,217,451.46	21.13%
Net profit attributable to shareholders of listed company (RMB)	548,162,571.15	4,574,963,214.07	-88.02%
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss (RMB Yuan)	85,069,376.89	1,276,318,116.17	-93.33%
Net cash flows from operating activities (RMB)	1,390,759,281.02	5,331,678,227.69	-73.92%
Basic earnings per share (yuan/share)	0.09	0.77	-88.31%

Diluted earnings per share (yuan/share)	0.08	0.74	-89.19%
Return on weighted average net assets	1.88%	17.22%	Decreasing by 15.34 ppt
	As at the end of 2022	As at the end of 2021	YoY increase or decrease
Total assets (RMB/Yuan)	166,511,713,405.78	132,049,103,076.39	26.10%
Net assets attributable to shareholders of listed company (RMB)	35,700,833,600.61	27,653,682,616.86	29.10%

### 3. Significant changes in Financial Data and Indicators

#### 1) Changes in revenue

Unit: RMB

	2022		2021		Year-on-year increase/decrease
	Amount	Proportion in revenue	Amount	Proportion in revenue	
Revenue	63,822,315,669.45	100%	52,690,217,451.46	100%	21.13%
By industry					
Petrochemical and new chemical materials	42,013,294,060.86	65.83%	31,337,419,232.62	59.47%	34.07%
Chemical fiber	19,987,291,230.73	31.32%	19,627,186,406.99	37.25%	1.83%
Others	1,821,730,377.86	2.85%	1,725,611,811.85	3.28%	5.57%
By product					
PTA	11,870,218,967.99	18.60%	8,084,641,117.19	15.34%	46.82%
Acrylonitrile	7,141,969,393.98	11.19%	6,874,443,399.52	13.05%	3.89%
EVA	6,570,787,302.37	10.30%	6,396,078,034.93	12.14%	2.73%
Other petrochemical and new chemical materials	16,430,318,396.52	25.74%	9,982,256,680.98	18.95%	64.60%
DTY	10,773,175,990.36	16.88%	10,680,331,024.90	20.27%	0.87%
Other chemical fiber products	9,214,115,240.37	14.44%	8,946,855,382.09	16.98%	2.99%
Others	1,821,730,377.86	2.85%	1,725,611,811.85	3.27%	5.57%
By region					
Domestic	54,033,441,727.33	84.66%	47,767,124,753.65	90.66%	13.12%
Overseas	9,788,873,942.12	15.34%	4,923,092,697.81	9.34%	98.84%

#### 2) Changes in Costs

Unit: RMB

	2022	2021	YoY increase or decrease	Description on significant changes

Selling expenses	216,957,095.21	155,396,328.60	39.62%	Mainly attributable to increase in employee compensation and sales warehouse
General and administrative expenses	652,183,899.27	648,431,638.40	0.58%	
Financial expenses	1,954,812,653.90	1,091,774,366.23	79.05%	Mainly attributable to increase in interest expenses
Research and development expenses	502,995,207.21	430,441,359.26	16.86%	

### 3) Changes in Cash flows

Unit: RMB

Item	2022	2021	Year-on-year increase/decrease
Sub-total of cash inflows from operating activities	84,778,157,786.42	62,396,696,225.27	35.87%
Sub-total of cash outflows from operating activities	83,387,398,505.40	57,065,017,997.58	46.13%
Net cash flows from operating activities	1,390,759,281.02	5,331,678,227.69	-73.92%
Sub-total of cash inflows from investing activities	5,155,684,616.57	2,454,415,629.72	110.06%
Sub-total of cash outflows from investing activities	37,304,813,622.87	43,464,025,314.58	-14.17%
Net cash flows from investing activities	-32,149,129,006.30	-41,009,609,684.86	21.61%
Sub-total of cash inflows from financing activities	72,510,465,684.73	59,797,996,262.84	21.26%
Sub-total of cash outflows from financing activities	41,521,780,855.91	30,385,925,505.00	36.65%
Net cash flows from financing activities	30,988,684,828.82	29,412,070,757.84	5.36%
Net increase in cash and cash equivalents	325,396,997.52	-6,258,029,093.99	105.20%

(1) Compared with the previous year, net cash flows from operating activities decreased in 2022, which was mainly attributable to the increase in cash received from sales of goods and rendering of services, the increase in refund of retained value-added tax credits received, and the increase in cash paid for purchase of goods and receipt of services;

(2) Compared with the same period of the previous year, net cash flows from investing activities increased in 2022, which was mainly attributable to the decrease in cash paid to acquire and construct fixed assets in the current period;

(3) Compared with the same period of the previous year, the net cash flows from financing activities increased in 2022, which was mainly attributable to the increase in the issuance of supporting major asset restructuring products to raise funds, issuance of GDRs and repayment of bank borrowings in the current period.

#### 4) Changes in Non-primary business

Unit: RMB

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
Investment income	-29,840,840.28	-6.68%	Losses from disposal of financial assets	No
Profit or loss from changes in fair value	-2,814,626.02	-0.63%	Mainly due to changes in fair value of financial assets	No
Asset impairment	-1,000,663,116.79	-224.09%	Losses from inventory impairment accrued during the reporting period	No
Non-operating income	60,426,178.09	13.53%	Mainly income from compensation fines	No
Non-operating expenses	29,509,392.64	6.61%	Mainly donation expenses, etc.	No
Credit impairment losses	-11,072,256.87	-2.48%	Increase in expected credit losses of accounts receivable	No
Other income	113,128,393.46	25.33%	Mainly government subsidies related to daily business activities	No
Income from asset disposal	483,530,496.86	108.28%	Mainly attributable to disposal of non-current assets in the current period	No

#### 4. Provision for Asset Impairment on the Financial Position of the Company

The provision for impairment of assets in FY2022 decreased the total profit of the Company's consolidated financial statement in FY2022 by RMB304.8542 million. Among which:

##### 1) Account 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 December 31, 2022 and established a bad debt provision of RMB 11.0723 million in 2022.

##### 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 December 31, 2022, and established a provision for inventory impairment of RMB1,006.31 million. The Company reversed a provision for inventory impairment of RMB707.35 million in FY2022, resulting in a total profit and loss impact of RMB293.589 million.

Our full announcement on Provision for Asset Impairment in 2022 is available on our website at <https://www.jsessh.com/en/tzzcat/other-announcements/>

#### 5. Profit Distribution Proposal

The Company held the 2nd meeting of the 9th Board of Directors and the 2nd meeting of the 9th Board of Supervisors on April 16, 2023, which considered and unanimously approved the Proposal for Distribution of Profits and Conversion of Capital Reserve into Share Capital of the Company in 2022.

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 10 May 2023 to distribute a cash dividend of RMB 1.00 (tax included) for every 10 A-shares held by shareholders in FY2022. 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 Annual Report 2022 can be downloaded via this link:

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

### **Contact Information**

Name: Qinglin YIN

Phone: +86 13121381205

Email: [tzzgx@jsessh.com](mailto:tzzgx@jsessh.com)

### **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.