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Press Release

Suzhou, 21 December 2022

Jiangsu Eastern Shenghong Co., Ltd. launches its Global Depository Receipts (GDRs) offering on SIX Swiss Exchange AG and sets a price range of USD 18.05 to USD 18.48 per GDR.

- Jiangsu Eastern Shenghong Co., Ltd. (the “Company” or “Eastern Shenghong”, together with its consolidated subsidiaries, the “Group”), a world-scale vertically integrated chemical platform in China with diversified product offerings, including renewable energy materials and performance chemicals, petrochemicals, and chemical fiber, today announces the launch of its offering of global depository receipts (the “GDRs”) to be listed on SIX Swiss Exchange AG (“SIX Swiss Exchange”) (the “Offering”).
- The Offering will comprise up to 29,000,000 GDRs (the “Base GDRs”) and up to an additional 14,490,000 GDRs pursuant to the Upsize Option (the “Upsize GDRs”, together with the Base GDRs, the “Offer GDRs” or the “GDRs”), which may be jointly exercised by the Company and the Joint Global Coordinators on the date of pricing of the Offering based on demand (the “Upsize Option”), with one GDR representing an interest in ten A shares of the Company with a fully paid nominal value of RMB1.00 each (the “A Shares”).
- The Company's controlling shareholder (Jiangsu Shenghong Science and Technology Co., Ltd. who currently holds 44.55% of the Company's share capital), and its controlling shareholder, Jiangsu Shenghong New Materials Group Co., Ltd., intend to participate in the Offering and have committed to procure subscription for such number of GDRs as may be purchased with US\$500 million in aggregate, while allocation remains subject to the Company's and the Joint Global Coordinators' discretion and the public float requirement.
- The price range for the Offering has been set at USD 18.05 to USD 18.48 per GDR (the “Offer Price Range”), with total gross proceeds from the Offering of approximately USD 529.8 million (assuming the sale of all Base GDRs at the mid-point of the Offer Price Range with no exercise of the Upsize Option), and approximately USD 794.6 million (assuming the sale of all GDRs at the mid-point of the Offer Price Range and the Upsize Option is exercised in full).
- The Company intends to use the net proceeds from the Offering (i) for expansion of production capacity for downstream materials for renewable energy applications and other new materials; (ii) to develop integrated refinery capability including to facilitate upstream raw materials procurement from global market; (iii) to fund potential investment, merger and acquisition projects and develop administration and marketing network outside mainland China; (iv) to invest in research to advance technology capabilities of product development, and (v) for working capital and other general corporate purposes.
- The offer period commences today, 21 December 2022, and is anticipated to end on 21 December 2022 at 15:00 CET.



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- The first day of trading on SIX Swiss Exchange is expected to be on or around 28 December 2022 (the “First Day of Trading”).



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Offering Structure

The Offering will comprise up to 29,000,000 Base GDRs and up to an additional 14,490,000 Upsize GDRs pursuant to an upsize option which may be jointly exercised by the Company and the Joint Global Coordinators on the date of pricing of the Offering based on demand, with one GDR representing an interest in ten A shares of the Company. The price range for the Offering has been set at USD 18.05 to USD 18.48 per GDR, with a total gross proceeds from the Offering of approximately USD 529.8 million (assuming the sale of all Base GDRs at the mid-point of the Offer Price Range with no exercise of the Upsize Option), and approximately USD 794.6 million (assuming the sale of all GDRs at the mid-point of the Offer Price Range and the Upsize Option is exercised in full).

The Offering consists of: (i) a private placement in Switzerland; and (ii) private placements in certain jurisdictions outside Switzerland and the United States. All offers and sales outside the United States will be made in compliance with Regulation S under the U.S. Securities Act of 1933, as amended. In Switzerland, GDRs will be offered solely to professional clients within the meaning of article 4 para 3 of the Swiss Financial Services Act dated 15 June 2018, as amended.

Subscription commitment from controlling shareholder

Pursuant to a letter of commitment dated December 20, 2022, Jiangsu Shenghong Science and Technology Co., Ltd., the controlling shareholder of our Company, together with its controlling shareholder, Jiangsu Shenghong New Materials Group Co., Ltd., has agreed to procure certain designated entities to place binding orders of such number of GDRs as may be purchased with US\$500 million in aggregate with the Managers and procure such designated entities to purchase such number of GDRs as allocated by the Joint Global Coordinators at their discretion within these orders at the Offer Price, subject to certain conditions. The final number of GDRs to be allocated to such designated entities will be subject to the final determination by our Company and the Joint Global Coordinators following the bookbuilding process in connection with the Offering in compliance with the Listing Rules, and in any event will not exceed 80% of the final number of Offer GDRs in the Offering. Jiangsu Shenghong Science and Technology Co., Ltd. and Jiangsu Shenghong New Materials Group Co., Ltd. have also agreed that any GDRs to be purchased by such designated entities pursuant to the letter of commitment will be subject to a lock up restriction of 36 months from the First Day of Trading in accordance with the applicable law.

Additional Offering Details

The start of the offer period begins today, 21 December 2022, and is expected to end on 21 December 2022 at 15:00 CET. The offer price and the final number of GDRs sold are expected to be published on or around 21 December 2022.

The GDRs will be listed in accordance with the Standard for Depository Receipts on SIX Swiss Exchange. The GDRs are expected to be listed and commence trading on SIX Swiss Exchange



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on or around the date of 28 December 2022 (the “First Day of Trading”), under the ticker symbol of “DFSH”.

UBS AG, CLSA Limited and Huatai Financial Holdings (Hong Kong) Limited are acting as Joint Global Coordinators for the Offering. UBS AG, CLSA Limited, Huatai Financial Holdings (Hong Kong) Limited, and ABCI Securities Company Limited are acting as Joint Bookrunners for the Offering.



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Key Offering Data and Timetable

Offering Data	
Listing	SIX Swiss Exchange AG (Standard for Depository Receipts)
Ticker symbol	DFSH
Swiss security number (<i>Valorennummer</i>)	123.408.194
International Security Identification Number (ISIN)	US47737H1115
Price range	USD 18.05 to USD 18.48 per GDR
Nominal value	RMB 1.00 per A Share, 1 GDR representing an interest in ten A Shares
Offered GDRs by Company	Up to 43,490,000 GDRs, consisting of up to 29,000,000 Base GDRs and up to 14,490,000 Upsize GDRs
Offering Timetable	
Start of offer period	21 December 2022
End of offer period	21 December 2022 at 15:00 (CET)
Determination of final offer price and final number of sale GDRs placed in the Offering	21 December 2022
Publication of final offer price and final number of sale GDRs placed in the Offering	21 December 2022
First day of trading	On or around 28 December 2022
Payment and settlement	On or around 28 December 2022



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About Eastern Shenghong

Eastern Shenghong is a world-scale vertically integrated chemical platform in China. Founded in 1992, the Company has rich experience and expertise in renewable energy materials, and performance chemicals, petrochemicals and chemical fibers. Its transformational Shenghong Project has enabled a full vertical integration of its value chains with strong margin resilience across the cycle.

In 2021, Eastern Shenghong is the largest manufacturer of solar EVA in the world, with a market share of 23.4% globally and a market share of 34.4% in China in terms of consolidated capacity, and the largest manufacturer of AN in China with a market share of 24.7%, according to Frost & Sullivan. In petrochemical industry, Eastern Shenghong is one of the largest private companies in the petrochemical business in China. Shenghong Project, which is designed with a 16 Mt/y crude oil processing capacity, is equipped with the largest single refinery unit in China as well as atmospheric and vacuum distillation unit and hydrocracker with world leading scale. It started commercial production in November 2022 and is expected to achieve full-scale commercial production in December 2022. In the chemical fibers industry, the Company ranked first in China for DTY with a market share of 17.6% and also ranked first in China for recycled polyester filament with a market share of 26.3% in 2021, according to Frost & Sullivan.

Eastern Shenghong was listed on the Shenzhen Stock Exchange in May 2000 (ticker: 000301.SZ). After years of development, Eastern Shenghong has established strong connections with a large and high-quality customer base across each market in the industry and has formed in-depth customer insights. In the renewable energy materials and performance chemicals segment, the Company's fine chemical products such as EVA, AN, MMA and EO are exported mainly to overseas customers in South Korea, Japan and Southeast Asia. Downstream customers include well-known overseas customers such as LG Chem. In the petrochemicals segment, the Company's PTA is exported to countries and regions including Egypt, Turkey and Oman. In the chemical fiber segment, the Company's polyester yarns are exported mainly to South Korea, Japan and Southeast Asia. The quality of and technology applied to the Company's chemical fiber products have also been recognized by well-known downstream brand customers such as Adidas, Nike and Uniqlo.

Eastern Shenghong is continuously committed to its ESG strategies, placing the highest priority on environmental protection, social responsibility and corporate governance. The Company has been adhering to its "net zero carbon" goal and systematically carrying out green and sustainable initiatives with world-class standards. Such initiatives include CCUS project to recycle carbon dioxide into new materials, expansion of its recycled fiber production capacity, and investments in solar EVA production.



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Eastern Shenghong's business achieved robust growth from 2019 to 2021. Its revenue increased from RMB36,737 million in 2019 to RMB51,722 million in 2021, representing a CAGR of 18.7%. Eastern Shenghong recorded a revenue of RMB46,708 million for the nine months ended 30 September 2022, representing a growth of 16.2% from the same period in 2021. For more information, visit <http://www.jsessh.com/en/>

Contact Information

For any inquiries, please contact the Company through email at: tzzqx@jsessh.com, or telephone: +86-512-63573480



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The Securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. The securities referred to herein are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. There will be no public offering of any securities in the United States.

This announcement does not constitute an offer to sell or a solicitation to buy securities of the Company and it does not constitute a prospectus or a similar notice within the meaning of articles 35 et seqq. or 69 of the Swiss Financial Services Act. The offer and listing will be made solely by means of, and on the basis of, a prospectus which is to be approved by the competent review body and published. An investment decision regarding the securities referred to herein should be based exclusively on the prospectus published by the Company for this purpose. Copies of the prospectus and any supplements thereto are/will be available free of charge for 12 months following the First Day of Trading on SIX Swiss Exchange from the Company (email: tzzgx@jsessh.com) or UBS AG, Swiss Prospectus Switzerland, P.O. Box, 8098 Zurich, Switzerland (voicemail: +41 44 239 47 03; fax number: +41 44 239 69 14; e-mail: swiss-prospectus@ubs.com).

In member states of the European Economic Area (the "EEA"), the placement of securities described in this announcement is directed exclusively at persons who are "qualified investors" within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation").

This announcement does not constitute an "offer of securities to the public" within the meaning of the Prospectus Regulation of the Securities in any member state of the EEA or the Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "UK Prospectus Regulation"). Any offers of the Securities to persons in the EEA will be made pursuant to an exemption under the Prospectus Regulation, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Securities.

In the United Kingdom, this document is for distribution only to, and directed only at, persons who are "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation and who (i) have professional experience in matters relating to investments (being investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order")), (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, (iii) are otherwise persons to whom it may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). In the United Kingdom, this document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons.

This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA, by persons who are not Qualified Investors. Any investment or investment activity to which this announcement relates is available only to and will only be engaged with (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA, Qualified Investors and other persons who are permitted to subscribe for the securities described herein pursuant to an exemption from the Prospectus Regulation and other applicable legislation, and will only be engaged in with such persons.



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In Switzerland, the securities described in this announcement will be offered solely to professional clients within the meaning of article 4 para 3 of FinSA. The securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of FinSA. Each purchaser of the securities in Switzerland will be deemed to have represented and agreed that it qualifies as a "professional client" within the meaning of the FinSA.

The securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People's Republic of China, including the PRC Securities Law.

No action has been taken that would permit an offering or an acquisition of the securities or a distribution of this announcement in any jurisdiction where such action would be unlawful. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

This announcement does not constitute a recommendation concerning the placement. Investors should consult a professional advisor as to the suitability of the placement for the person concerned.

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