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Jiangsu Eastern Shenghong Co., Ltd.
Announcement on Provision for Asset Impairment and Scrapping of Certain Fixed Assets for Half Year 2026

Jiangsu Eastern Shenghong Co., Ltd. (hereinafter referred to as "the Company") held the 8th meeting of the 10th Board of Directors on August 27, 2026, which approved the Proposal of Provision for Asset Impairment and Scrapping of Certain Fixed Assets for Half Year 2026. 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 submission to the Shareholders' 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, 2026. 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 2026 amounts to RMB 271.9405 million. The details are as below:

Unit: RMB '0,000

Items		Amounts
Credit impairment losses	Bad debt provision	3,819.69

(losses expressed with "-")		
Assets impairment losses (losses expressed with "-")	Provision for inventory impairment	-31,013.74
Total		**-27,194.05**

Note: The provision for asset impairment pertains to the reporting period from January 1, 2026, to June 30, 2026.

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, 2026, and reversed a bad debt provision of RMB 38.1969 million in half year 2026.

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, 2026 and provided a provision for inventory impairment of RMB 310.1374 million in half year 2026.

III. Scrapping of Certain Fixed Assets

To improve asset utilization efficiency, the Company conducted an inventory and assessment of fixed assets and scrapped those that could no longer meet production and operation needs. During the first half of 2026, the net value of scrapped fixed assets amounted to RMB 137.8312 million, with a scrapping loss of RMB 126.4128 million, which will reduce the Company's consolidated total profit for the half year of 2026 by RMB 126.4128 million.

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

The provision for impairment of assets and scrapping of certain fixed assets in half year 2026 decreased the total profit of the Company's consolidated financial statement in half year 2026 by RMB 398.3533 million. The provision made for impairment of assets and scrapping of certain fixed assets in half year 2026 complies with the ASBE and the Company's relevant accounting policies.

The above data have not been audited by an accounting firm, and the final impact shall be subject to the determination by the accounting firm in the annual audit.

V. Opinions of the Board of Directors

The Company’s provision for asset impairment and scrapping of certain fixed assets comply 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.

VI. Documents Available for Inspection

1. Resolutions of the 8^{th} Meeting of the 10^{th} Board of Directors;

This is hereby announced.

Jiangsu Eastern Shenghong Co., Ltd.

Board of Directors

August 28, 2026