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SHANDONG SANXING GROUP COMPANY LTD.

山東三星集團有限公司

(Incorporated with limited liability in the People's Republic of China)

**PROPOSED RESTRUCTURING
RELATING TO THE 7.99% SENIOR NOTES DUE 2021
(the “Existing Notes”)**

Introduction

On January 23, 2018, Knight Castle Investments Limited (爵堡投資有限公司) (the “**Issuer**”), a BVI business company with limited liability and a wholly owned subsidiary of Shandong Sanxing Group Company Ltd. (the “**Company**”) issued the Existing Notes in an aggregate principal amount of US\$200,000,000 at 7.99% per annum, payable semi-annually in arrears, which became due in 2021. The Existing Notes are listed on the SGX-ST. The ISIN and Common Code are XS1733826181 and 173382618, respectively, for the Existing Notes. As of the date of this announcement, US\$200,000,000 in aggregate principal amount of the Existing Notes is outstanding.

The Company is considering launching a scheme of arrangement in the BVI pursuant to section 179A of the Business Companies Act 2004 (the “**Scheme**”) to effect a restructuring of the Existing Notes. To facilitate the approval of the Scheme, the Company intends to enter into with certain holders of the Existing Notes the Restructuring Support Agreement (the “**RSA**”) to support the implementation of the Scheme.

The Scheme, once consummated, will improve the Company’s financial condition, extend its debt maturity profile, strengthen its balance sheet and improve its cash flow management.

Background and Purpose of the Scheme

The Company estimates that its existing internal resources may be insufficient to repay the Existing Notes. The U.S.– China trade war and the COVID-19 pandemic have negatively impacted the Company’s financial condition and results of business operations.

The challenging market conditions have also reduced the amount of financing available to the Company to refinance its debt.

In light of the above, the Company is proposing the Scheme in the BVI to effect a restructuring of the Existing Notes pursuant to the terms of the RSA as part of its overall strategy to improve its financial condition, extend its debt maturity profile, strengthen its balance sheet and improve its cash flow management.

Further Details

The Company intends to appoint D.F. King Ltd. as Information Agent with respect to the Scheme. This announcement and all documents related to the Scheme can be found on the Transaction Website: <https://www.dfkingltd.com/sanxing/>. Requests for copies of the Scheme and its related documents may be directed to the Information Agent at the address and telephone number set out as follows:

D.F. King Ltd.

Telephone: (in London) +44 20 3885 1837 and (in Hong Kong) +852 5803 3889

Transaction Website: <https://www.dfkingltd.com/sanxing/>

Email: sanxing@dfkingltd.com

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this announcement, including those statements relating to the Scheme, are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

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| “Board” | the board of Directors of the Company; |
| “BVI” | the British Virgin Islands; |
| “Company” | Shandong Sanxing Group Company Ltd. (山東三星集團有限公司); |
| “Director(s)” | the director(s) of the Company; |
| “Existing Notes” | the 7.99% senior notes due 2021 issued by the Issuer, a wholly owned subsidiary of the Company; |
| “Holder” | the holder of the Existing Notes; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Information Agent” | D.F. King Ltd.; |
| “PRC” | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan; |
| “SGX-ST” | Singapore Exchange Securities Trading Limited; |
| “U.S.” or “United States” | The United States of America; |
| “U.S. Securities Act” | the United States Securities Act of 1933, as amended; |
| “US\$” | United States dollars, the lawful currency of the United States; and |
| “%” | per cent. |

By order of the Board
Shandong Sanxing Group Company Ltd
Wang Mingfeng
Director

Hong Kong, 28 July 2023

As at the date of this announcement, the directors of the Company are Mr. Wang Mingfeng, Mr. Wang Mingxing and Mr. Wang Mingliang.