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XIWANG SPECIAL STEEL COMPANY LIMITED

西王特鋼有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1266)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO FURTHER DELAY IN DATE OF DIVIDEND DISTRIBUTION

References are made to an announcement of the Company dated 11 October 2019 (the “**October Announcement**”) and an announcement of the Company dated 10 January 2020 (the “**January Announcement**”), both in relation to the further delay in date of dividend distribution of the Company. Reference is also made to an announcement of the Company dated 21 February 2020 (the “**February Announcement**”) in relation to the settlement application by Xi Wang Group Company Limited* (西王集團有限公司) (“**Xi Wang Group**”), the controlling shareholder of the Company. Unless otherwise defined herein, capitalised terms used shall have the same meanings as defined in the October Announcement and January Announcement.

The board of directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) wishes to provide the shareholders and potential investors of the Company with additional information in relation to the further delay in date of dividend distribution. While the chief reason for the further delay in date of dividend distribution (as disclosed in the October Announcement and January Announcement) was that further time was required for arranging remittance from the PRC to Hong Kong, the Board wishes to supplement that due to the strict remittance process of the local foreign exchange administration in approving foreign exchange payments and handling dividends (including the option of scrip dividend), remittance arrangements could not be completed.

The Board also wishes to supplement that liquidity issue is also one of the factors that caused the further delay of dividend payment. As disclosed in the February Announcement, Xiwang Group had applied to Zouping Municipal People’s Court of Shandong Province for settlement on 21 February 2020 (the “**Settlement Application**”) in order to protect the interests of creditors and properly resolve the debt problem. The Board is of the view that the entry into the settlement process by Xiwang Group is conducive to solving the liquidity problems, optimizing the asset and liability structure, eliminating the debt risk, restoring sustainable operation and profitability, and it will not have a negative impact on daily production and operation. The Group will continue to take more active and positive measures, including but not limited to exploring new markets, improving cost structures and broadening financing channels in order to protect income and operating cash flows and to properly resolve the liquidity issue.

As disclosed in the January Announcement, the Final Dividend and the share certificates for the Scrip Shares are expected to be sent to the Shareholders on or around 29 June 2020 and the dealing in the Scrip Shares on the Stock Exchange is expected to commence on or around 30 June 2020. The Board does not expect that there will be a further delay in date of dividend distribution.

The Company will disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with the Listing Rules and other regulatory requirements.

By Order of the Board of
Xiwang Special Steel Company Limited
WANG Di
Chairman

Hong Kong, 10 March 2020

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Mr. ZHANG Jian
Mr. SUN Xinqu
Ms. LI Hai Xia

Independent non-executive Directors

Mr. LEUNG Shu Sun Sunny
Mr. LI Bangguang
Mr. YU Kou

Non-executive Director:

Mr. WANG Di

* *for identification purpose only*