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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)

FURTHER DELAY IN DIVIDEND DISTRIBUTION

References are made to the announcements of the Xiwang Special Steel Company Limited (the “**Company**”) dated 10 March 2020 (the “**March Announcement**”), 10 January 2020 (the “**January Announcement**”), 11 October 2019, 16 August 2019, 17 June 2019, 3 June 2019 and 29 March 2019, in relation to the dividend distribution of the Company (collectively, the “**Announcements**”), a circular of the Company dated 30 April 2019, an supplementary circular of the Company dated 13 June 2019 (the “**Supplementary AGM Circular**”), a circular of the Company dated 30 July 2019 (the “**Scrip Dividend Circular**”) and the relevant Election Form. Unless otherwise defined herein, capitalised terms used shall have the same meanings as defined in the Announcements.

JANUARY ANNOUNCEMENT AND MARCH ANNOUNCEMENT

As disclosed in the January Announcement, since further time was required for arranging remittance from the PRC to Hong Kong, the Board resolved that the payment of the Final Dividend and the despatch of the share certificates for the Scrip Shares to the Shareholders will be postponed, and the Final Dividend and the share certificates for the Scrip Shares were expected to be sent to the Shareholders on or around 29 June 2020 and the dealing in the scrip shares on the Stock Exchange was expected to commence on or around 30 June 2020 respectively. Furthermore, as disclosed in the March Announcement, it was supplemented by the Board that, affected by the epidemic of COVID-19, liquidity issue was also one of the factors that caused the further delay of dividend payment.

FURTHER DELAY IN DIVIDEND DISTRIBUTION

In the first half of 2020, affected by the epidemic situation, the Company and its subsidiaries (together referred to as the “**Group**”) have been facing challenging environments in sales, production, logistics, operation, business communication and other areas. The large-scale domestic shutdown and production in the first quarter led to a significant reduction in production and demand. Thereafter, the export sales of steel export-oriented enterprises or steel downstream processing and manufacturing enterprises have been greatly affected due to the global epidemic of COVID-19. In addition, the operations of banks, ports and shipping companies are also being affected by the epidemic, which indirectly affects the Group’s sales to downstream customers with export business. At the same time, products which encounter difficulties in export are forced to be digested in the domestic market, increasing the domestic market supply and affecting the price support. Steel prices continue to fall under the influence of sluggish demand and pessimism, which further affect the Group’s liquidity.

In view of the current situation, it is of the best interest for the Company to preserve the existing resources to support the operating activities in view of the current challenging business environment. Accordingly, the Board has resolved that the payment of the Final Dividend and the despatch of the share certificates for the Scrip Shares to the Shareholders will be further postponed. As a result of the further postponement, the Final Dividend and the share certificates for the Scrip Shares are expected to be sent to the Shareholders on or around 27 November 2020 and the dealing in the scrip shares on the Stock Exchange is expected to commence on or around 30 November 2020. Save for the changes as stated herein above, all other information and contents set out in the Announcements, Supplementary AGM Circular, the Scrip Dividend Circular and the Election Form remain unchanged.

Upon the gradual recovery of economic situation in the PRC after a few months’ of combating coronavirus pandemic, management of the Company has benchmarked to latest price level in the steel product market, together with rigorous cost control measures over its production, to formulate a forecast which will generate enhanced positive operating cash flows. On the other hand, the Group is currently soliciting different source of funds, including, but not limited to, additional banking facilities with PRC financial institutions and strategic institutional investors, to further support the Group’s funding needs. With the effective control of the coronavirus outbreak, and the gradual resumption of work and production in the PRC, the downstream demands for the Group’s products are expected to increase. The management will continue to speed up cash collection, increase the sales volume to the Group’s core customers, improve the volume and frequency of procurement and sales, and to further improve liquidity. Based on the information currently available, the Company does not expect that there will be any further postponement of the payment of the Final Dividend.

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.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in securities of the Company.

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

Hong Kong, 26 June 2020

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

Executive Directors

Mr. ZHANG Jian

Mr. SUN Xihu

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