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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 (collectively, the “**Announcements**”) of the Company dated 16 August 2019, 11 October 2019, 10 January 2020, 10 March 2020, 26 June 2020 and 29 July 2020, 26 November 2020, 8 January 2021 and 11 June 2021 in relation to, among others, the further delay (the “**Further Delay**”) of dividend distribution of the Company. Unless otherwise defined herein, capitalised terms used shall have the same meanings as defined in the Announcements. As disclosed in the announcements of the Company dated 11 June 2021 (the “**June 2021 Announcement**”), the Board expected the Group will be able to pay out the dividend by the end of December 2021.

FURTHER DELAY AND EVENTS LED TO THE DELAY IN DIVIDEND DISTRIBUTION

The Group has strictly implemented the requirements of the national policy, actively responded to market changes, strengthened internal reforms and management, and coped with risks and challenges brought by complex international environment, weakening downstream demand, tightening of environmental protection and low-carbon policies, high costs and declining efficiency. However, iron ore prices and raw fuel prices are still high, the prices of coke, coal and other fuels have risen sharply. The steel market is still weak, and the price of ferrosilicon alloys has also risen sharply due to the dual control of energy consumption and the curtailment of electricity in main production areas. The domestic steel composite price index fell, and steel prices fell sharply after entering the traditional off-season. The real estate industry policies are intensively promulgated, signals of tightening cash flow of real estate companies are frequently seen, the growth of sales volume and price has declined significantly, and the confidence of the entire industry is sluggish. Investment in infrastructure and manufacturing has slowed down due to local governments’ dedication in resolving hidden debt risks and rising raw material costs of manufacturing companies, which has resulted in a drop in the demand for steel. As the pandemic is still fluid and take into account the impact of extreme weather on road transportation, as a precautionary measure, the board of directors believes that the Group needs to gradually increase raw material inventory to ensure supply. After entering the traditional off-season, the board of directors expects that the inventory of finished products will increase. All of the above have affected the Group’s cash flow and liquidity. In order to ensure the supply of raw materials, deal with price fluctuations, and reduce procurement costs, the directors believe that the Group needs to increase raw material

reserves, increase purchases of iron ore, coke, scrap steel, etc., and reserve incremental inventory on a continuous basis, which further reduces the Group's liquidity. Based on the above factors, the Board reviewed the liquidity situation of the Group again and considered that it is in the best interest of the Company to preserve the existing resources to support the Group's 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 30 June 2022 and the dealing in the scrip shares on the Stock Exchange is expected to commence on or around 4 July 2022. 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.

BASIS IN DETERMINING THE DIVIDEND PAYMENT DATE

The Board currently expects that the Group will benefit from the continuing recovery of the economy both globally and in the PRC and as such, it will be able to pay out the dividend by the end of June 2022. However, the rapid expansion of the Omicron Coronavirus Disease and the external global economic environment and its overall effects on the Group's businesses and liquidity remain uncertain. Notwithstanding the uncertain overall effects on the Group's businesses and liquidity, the Group will continue to enhance the implementation of the numerous measures to ensure that no further delay will be required. The Board currently expects that its businesses and cash flow will improve in the first half of 2022, and the cash flow generated from operating activities will be improved. The Board currently expects that the Company would be able to pay out the dividend by the end of June 2022. 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 as and when appropriate.

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, 31 December 2021

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