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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)

COMPLETION OF ISSUE OF CONVERTIBLE BOND UNDER GENERAL MANDATE

Reference is made to the announcement of Xiwang Special Steel Company Limited (the “**Company**”) dated 22 September 2017 (the “**Announcement**”) in relation to, among other things, the issue of the Convertible Bond under the General Mandate. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless otherwise stated.

The Board is pleased to announce that all conditions set out in the Convertible Bond Subscription Agreement dated 22 September 2017 have been fulfilled and the issue of the Convertible Bond was completed on 11 October 2017.

The Convertible Bond in the aggregate principal amount of US\$30,000,000 has been successfully issued to the Subscribers on 11 October 2017 pursuant to the Convertible Bond Subscription Agreement. The Company intends to use the net proceeds of approximately US\$29,140,000 from the issue of the Convertible Bond for the general working capital of the Group.

The approval for the listing of, and permission to deal in, the Conversion Shares upon conversion of the Convertible Bond has been granted by the Listing Committee of the Stock Exchange.

Pursuant to the Convertible Bond Subscription Agreement, based on the initial Conversion Price of HK\$1.91 per Conversion Share and on full conversion of the Convertible Bond, a maximum number of 122,513,089 Conversion Shares, representing approximately 5.81% of the existing issued share capital of the Company as at the date of this announcement, will be allotted and issued to the Subscribers.

The Conversion Shares shall be allotted and issued pursuant to the General Mandate.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, the Subscribers and its ultimate beneficial owner(s) are Independent Third Parties.

EFFECT OF SUBSCRIPTION OF SHAREHOLDINGS

To the best knowledge of the Directors and the Company assuming no other Shares will be issued, the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after full exercise of the Conversion Rights are as follows:

Shareholders	Notes	As at the date of this announcement		Immediately after full conversion of the Convertible Bond at the Conversion Price of HK\$1.91 per Conversion Share (Note 4)	
		Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
Directors					
Wang Yong	1	1,500,000,000	71.10	1,500,000,000	67.20
Wang Di	2	6,000,000	0.28	6,000,000	0.27
Sun Xinqu	3	1,000,000	0.05	1,000,000	0.04
Public Shareholders					
Subscribers		–	–	122,513,089	5.49
Other public Shareholders		602,666,666	28.57	602,666,666	27.0
Total		2,109,666,666	100.00	2,232,179,755	100.00

Notes:

1. Wang Yong is deemed to be interested in 1,500,000,000 Shares held by Xiwang Investment Company Limited.
2. Wang Di personally holds 6,000,000 Shares.
3. Sun Xinqu personally holds 1,000,000 Shares.
4. Assuming the shareholding structure of the Company and the Conversion Price has not changed after the date of this announcement and immediately before the full conversion of the Convertible Bond.

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

Hong Kong, 11 October 2017

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 Directors

Mr. WANG Di
 Mr. WANG Yong