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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)

VOLUNTARY ANNOUNCEMENT FINANCIAL ASSISTANCE

This is a voluntary announcement of the Company.

The Board is pleased to announce that on 2 February 2019, the Lender agreed to provide a Loan in an amount of RMB50 million to the Borrower, which is a wholly-owned subsidiary of the Company, for a term of six months. The Company has provided a guarantee in favour of the Lender in respect of the Borrower's liability under the Loan Transaction. The financial assistance from the Lender will be utilised by the Group as its general working capital.

As at the date of this announcement, the Group is also engaged with another member of the Lender Group in two other Finance Lease Arrangements. The Lender under the above-mentioned Loan Transaction is a fellow subsidiary of the Lessor under that Finance Lease Arrangements.

This is a voluntary announcement made by Xiwang Special Steel Company Limited (the "**Company**"), together with its subsidiaries, the "**Group**").

THE LOAN TRANSACTION AND THE COMPANY'S GUARANTEE IN FAVOUR OF THE LENDER

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that on 2 February 2019, the lender (the "**Lender**") agreed to provide a loan (the "**Loan**") in an amount of RMB50 million to Xiwang International Trade (Qingdao) Company Limited* (西王國際貿易(青島)有限公司) (the "**Borrower**"), which is a wholly-owned subsidiary of the Company, for a term of six months from the drawdown date (the "**Loan Transaction**"). The Company has provided a guarantee in favour of the Lender in respect of the Borrower's liability under the Loan Transaction. The financial assistance from the Lender will be utilised by the Group as its general working capital.

* *English translation of the name of the company for reference only*

THE LENDER AND THE GROUP'S PREVIOUS TRANSACTIONS WITH THE LENDER GROUP

The Lender is a member of a group of companies (the “**Lender Group**”) providing financial services based in Shandong province of the PRC. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Lender and its ultimate beneficial owners are independent third parties (which are independent of the Company and its connected persons), and that the Lender is principally engaged in financial services related business.

As at the date of this announcement, the Group is engaged with another member of the Lender Group in two finance lease arrangements (the “**Finance Lease Arrangements**”). Details of the Finance Lease Arrangements have been announced in the announcements of the Company dated 22 August 2018 and 22 November 2018 (the “**Finance Lease Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Finance Lease Announcements. The Lessor in the Finance Lease Arrangements is a fellow subsidiary of the Lender in the above-mentioned Loan Transaction. For details of the Finance Lease Arrangements, please refer to the Finance Lease Announcements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN TRANSACTION

The Group currently plans to utilise the borrowings as general working capital. The Directors are of the opinion that the provision of financial assistance from the Lender to the Group is conducted on normal commercial terms that are comparable to those offered by other independent third parties for similar services in the People’s Republic of China.

The Board considers that the financial position of the Group remains stable and the Group will be able to honour the terms of the above-mentioned Loan Transaction with the Lender and other indebtedness.

By order of the Board of
Xiwang Special Steel Company Limited
Mr. WANG Di
Chairman

Hong Kong, 4 February 2019

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 Directors

Mr. WANG Di

Mr. WANG Yong