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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)

INSIDE INFORMATION AND PROFIT WARNING

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules. The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment by the Board with reference to the unaudited operating information of the Group and the information currently available, it is expected that the Group would record a net loss of not more than RMB300 million for the six months ended 30 June 2020 as compared with a profit for the period of approximately RMB182.55 million for the six months ended 30 June 2019. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Xiwang Special Steel Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that it is expected that the Group would record a net loss of not more than RMB300 million for the six months ended 30 June 2020 (the “**Current Period**”) as compared with a profit for the period of approximately RMB182.55 million for the six months ended 30 June 2019 (the “**Prior Period**”).

REASON FOR THE ESTIMATED NET LOSS

In the first half of 2020, the Group had been facing challenging environments in sales, production, logistics, operation, business communication and other areas due to COVID-19 epidemic and adverse market conditions. The large-scale domestic shutdown and production in the People's Republic of China in the first quarter of 2020 led to a significant reduction in production and demand. Thereafter, the exports of steel export-oriented enterprises or steel downstream processing and manufacturing enterprises had been significantly and adversely affected due to the global outbreak of the COVID-19 epidemic in the second quarter of 2020. In addition, the operations of banks, ports and shipping companies were also disrupted by the COVID-19 epidemic, which indirectly affected the Group's sales to downstream companies with export business. At the same time, products which encountered difficulties in export were forced to be digested in the domestic market, increasing the domestic market supply and creating greater pricing pressure. Steel prices continued to fall under the influence of sluggish demand and market pessimism, which further affected the Group's profitability.

In view of the above, it is expected that the Group would record a net loss of not more than RMB300 million for the Current Period as compared with a profit for the period of approximately RMB182.55 million for the Prior Period.

The information set out above contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited operating information of the Group for the Current Period and information currently available to the Board and the same has not been reviewed by or discussed with the auditors of the Company. Shareholders and potential investors should note that detailed information on the Group's performance for the Current Period will be disclosed in its results announcement for the same period to be published in or around August 2020. The Company is in the process of finalising the results of the Group for the Current Period. There may be differences between such information and estimated financial information set out above. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the results of the Group for the Current Period.

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, 28 August 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