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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)**

### **PROPOSED CHANGE OF AUDITORS**

This announcement is made by Xiwang Special Steel Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Board (the “**Board**”) of directors (the “**Directors**”) hereby announces that, subject to the passing of the relevant resolutions at an extraordinary general meeting (the “**EGM**”) to be convened and held by the Company, (i) Ernst & Young (“**EY**”) shall be removed as the auditors of the Group (the “**Proposed Removal**”); and (ii) subject to the Proposed Removal becoming effective, HLB Hodgson Impey Cheng Limited (“**HLB**”) shall be appointed as the new auditors of the Group (the “**Proposed Appointment**”) to fill the vacancy following the Proposed Removal and hold office until the conclusion of the next annual general meeting of the Company.

### **PROPOSED REMOVAL OF AUDITOR**

EY was re-appointed as auditors of the Group at the annual general meeting of the Company held on 30 June 2020 (the “**2020 AGM**”) to hold office until the conclusion of the next annual general meeting of the Company. Subsequent to the 2020 AGM, the Board could not reach a consensus with EY in connection with the proposed audit fee for the year ending 31 December 2020. After careful consideration and with the recommendation of the audit committee of the Company (the “**Audit Committee**”), the Board hereby announces that it has resolved to call the EGM for the purposes of enabling the shareholders to consider and vote on the resolutions relating to the Proposed Removal and the Proposed Appointment.

The Company has received a confirmation letter from EY dated 3 September 2020 in which EY confirmed that, up to 3 September 2020, there are no circumstances in connection with the Proposed Removal in which EY considers should be brought to the attention of the members or creditors of the Company in relation to the change of the auditors of the Company. The Board and the Audit Committee have confirmed that there is no disagreement or unresolved matters concerning the Proposed Removal that need to be brought to the attention of the members or creditors of the Company.

## **PROPOSED APPOINTMENT OF AUDITOR**

The Board, with the recommendation of the Audit Committee, proposed to appoint HLB as the new auditor of the Group to fill the vacancy arising from the Proposed Removal and hold office until the conclusion of the next annual general meeting of the Company. The Proposed Appointment will be subject to the Proposed Removal becoming effective and the passing of an ordinary resolution for the Proposed Appointment at the EGM pursuant to the articles of association of the Company (the “Articles”). The Audit Committee has assessed and considered that HLB is eligible and suitable to act as auditors of the Group.

## **IMPLICATIONS UNDER THE ARTICLES**

Pursuant to Article 121.4 of the Articles, the auditors shall not be removed before the end of the auditors term of office without first obtaining shareholders’ approval at general meeting, in which case the Company is required to send a circular proposing the removal of the auditors to shareholders with any written representations from the auditors, not less than 10 business days (for the purpose of this Article 121.4, business day shall mean any day on which the Stock Exchange is open for the business of dealing in securities) before the general meeting. The auditors shall be allowed to attend the general meeting and make written and/or verbal representations to the shareholders at the general meeting.

In compliance with the Articles and the Listing Rules, each of the Proposed Removal and the Proposed Appointment will be proposed as ordinary resolution at the EGM, respectively.

## **IMPLICATIONS UNDER THE LISTING RULES**

Under Rule 13.88 of the Listing Rules, the Company is required to send a circular proposing the removal of the auditors to the shareholders with any written representations from the auditors not less than 10 business days before the general meeting; and the Company is required to allow the auditors to attend the general meeting and make written and/or verbal representations to the shareholders at the general meeting.

Accordingly, the Company will dispatch to the shareholders a circular containing, among other matters, further information on the Proposed Removal and the Proposed Appointment, together with a notice convening the EGM, and also despatch a copy to EY to invite them to attend the EGM to make written or verbal representations (if any) to the shareholders at the EGM.

## THE EGM

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Proposed Removal and the Proposed Appointment. A circular containing further information of the Proposed Removal and the Proposed Appointment, together with the notice of the EGM, is expected to be dispatched to the Shareholders on or before 9 September 2020.

The Board would like to express its sincerest gratitude to EY for its professional services rendered to the Group in the past years.

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

Hong Kong, 3 September 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

*Non-executive Director:*

Mr. WANG Di

*Independent non-executive Directors:*

Mr. LEUNG Shu Sun Sunny

Mr. LI Bangguang

Mr. YU Kou