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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Xiwang Special Steel Company Limited**, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

(1) PROPOSED CHANGE OF AUDITOR AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM of Xiwang Special Steel Company Limited to be held at Boardroom 3-4, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 30 September 2020 at 2:00 p.m. is set out on pages 8 to 10 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.xiwangsteel.com).

If you are not able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent and control the spreading of the coronavirus disease 2019 (COVID-19), the following precautionary measures will be implemented at the EGM of the Company:

- (1) Compulsory temperature screening/checks;
- (2) Submission of Health and Travel Declaration Form;
- (3) Wearing of surgical face mask;
- (4) No provision of refreshments or drinks; and
- (5) No provision of corporate gifts.

Attendees who do not comply with the precautionary measures referred to in (1) to (5) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles of Association”	the articles of association of the Company currently in force
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company”	Xiwang Special Steel Company Limited 西王特鋼有限公司, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Directors”	the directors of the Company
“EY”	Ernst & Young, the current auditor of the Company proposed to be removed at the EGM
“EGM”	the extraordinary general meeting of the Company to be held at Boardroom 3-4, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 30 September 2020 at 2:00 p.m. or any adjournment thereof, the notice of which is set out on pages 8 to 10 of this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLB”	HLB Hodgson Impey Cheng Limited, the new auditor of the Company proposed to be appointed at the EGM
“Latest Practicable Date”	3 September 2020, being the latest practicable date for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Appointment”	the proposed appointment of HLB to be the new auditor of the Company, subject to the Proposed Removal becoming effective and the approval by the Shareholders at the EGM
“Proposed Change of Auditor”	collectively, the Proposed Removal and the Proposed Appointment
“Proposed Removal”	the proposed removal of EY as the auditor of the Company, subject to approval by the Shareholders at the EGM
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



XIWANG SPECIAL STEEL COMPANY LIMITED
西王特鋼有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 1266)

Executive Directors:

Mr. ZHANG Jian (*Chief Executive Officer*)

Mr. SUN Xihu

Ms. LI Hai Xia

Registered office:

Unit 2110, 21/F, Harbour Centre

25 Harbour Road

Wanchai, Hong Kong

Non-executive Director:

Mr. WANG Di (*Chairman*)

*Head office and principal place of
business in the PRC:*

Xiwang Industrial Area

Independent Non-executive Directors:

Mr. LEUNG Shu Sun Sunny

Mr. YU Kou

Mr. LI Bangguang

Zouping

Shandong Province

China

256209

8 September 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSED CHANGE OF AUDITOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 3 September 2020 in relation to the Proposed Change of Auditor.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among others, the notice of EGM and relevant information on the resolutions in relation to the Proposed Change of Auditor to be put forward at the EGM.

PROPOSED REMOVAL OF AUDITOR

At the annual general meeting of the Company held on 30 June 2020, EY was re-appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.

Subsequent to the last annual general meeting of the Company, the Board could not reach a consensus with EY with regard to the proposed audit fee for the year ending 31 December 2020. The Company received a request on 2 September 2020 from a Shareholder requesting the Board to call the EGM in order to seek approval from the Shareholders for the Proposed Removal. Whilst the Board (including members of the Audit Committee) has never doubted about the capability of and has always been satisfied with the professionalism and work quality of EY, after careful consideration and with the recommendation of the Audit Committee, the Board 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 Audit Committee is authorised to monitor the performance of auditor and to make recommendation to the Board on their appointment and removal. After considering the relevant facts and circumstances, the Audit Committee proposes that the Board should seek approval from the Shareholders for the removal of EY as the auditor of the Company. The Proposed Removal is subject to the passing of ordinary resolutions at the EGM in accordance with the Articles of Association.

Before the Board resolved to call the EGM to seek approval from the Shareholders for the Proposed Removal, the Board was open for EY to communicate with the Audit Committee and the Board. In addition, the Company has requested EY to provide their written representations for inclusion in this circular.

The Board confirms that EY has provided a letter dated 3 September 2020 to the Company, in which EY confirmed that, up to 3 September 2020, there were no other circumstances in connection with the Proposed Removal in which EY considered should be brought to the attention of the members or creditors of the Company in relation to the Proposed Change of Auditors.

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.

LETTER FROM THE BOARD

PROPOSED APPOINTMENT OF AUDITOR

The Audit Committee has assessed and considered that HLB is eligible and suitable to act as auditors of the Company. The Board, with the recommendation of the Audit Committee, proposes to appoint HLB as the new auditor of the Company to fill the casual vacancy arising from the Proposed Removal and to hold office until the conclusion of the next annual general meeting of the Company. The Proposed Appointment is subject to the Proposed Removal becoming effective and the passing of an ordinary resolution for the Proposed Appointment at the EGM.

IMPLICATIONS UNDER THE ARTICLES AND THE LISTING RULES

According to s. 419(1) of the Companies Ordinance, (a) the Company may by an ordinary resolution passed at a general meeting to remove a person from the office of auditor despite (a) any agreement between the person and the company; or (b) anything in the Company's Articles of Association.

Pursuant to the article 121.4 of the Articles of Association, the auditors shall not be removed before the end of the auditors term of office without first obtaining shareholders' approval at a general meeting, in which case the Company must 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.

Under the Rule 13.88 of the Listing Rules, (a) the Company must not remove its auditor before the end of the auditor's term of office without first obtaining shareholders' approval at a general meeting; (b) the Company must send a circular proposing the removal of the auditor to shareholders with any written representations from the auditor, not less than 10 business days before the general meeting; and (c) the Company must allow the auditor to attend the general meeting and make written and/or verbal representations to shareholders at the general meeting.

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

LETTER FROM THE BOARD

EGM AND RECORD DATE

The EGM will be held on 30 September 2020. The record date (being the last date of registration of any transfer of Shares given there will be no closure of register of members) for determining the entitlement of the Shareholders to attend and vote at the EGM will be 24 September 2020. In order to qualify for attending and voting at the EGM, all Share transfer documents together with the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on 24 September 2020.

NOTICE OF EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 8 to 10 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the note to Rule 13.39(4) of the Listing Rules. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.xiwangsteel.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, at the Company's share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case maybe). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed resolutions for the Proposed Change of Auditor are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

GENERAL

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolution to be proposed at the EGM.

Your attention is also drawn to the notice convening the EGM.

The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



XIWANG SPECIAL STEEL COMPANY LIMITED 西王特鋼有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 1266)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Xiwang Special Steel Company Limited (the “**Company**”) will be held at Boardroom 3-4, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 30 September 2020 at 2:00 p.m. (or any adjournment thereof) for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**
 - (a) Ernst & Young be and is hereby removed as the auditor of the Company and its subsidiaries (if applicable) pursuant to the article 121.4 of the articles of association of the Company with immediate effect (the “**Removal**”); and
 - (b) the board of directors of the Company, any director(s) of the Company or any other person authorised by the directors of the Company be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Removal.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**
- (a) conditional upon the passing of the resolution (1) above, HLB Hodgson Impey Cheng Limited be and is hereby appointed as the auditor of the Company and its subsidiaries (if applicable) with immediate effect and to hold office until the conclusion of the next annual general meeting of the Company (the “**Appointment**”);
 - (b) the board of directors of the Company, any director(s) of the Company or any other person authorised by the directors of the Company be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Appointment; and
 - (c) the board of directors of the Company be and is hereby authorised to fix the remuneration of HLB Hodgson Impey Cheng Limited.”

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

Hong Kong, 8 September 2020

Registered office:
Unit 2110, 21/F
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

*Head office and principal place of
business in the PRC:*
Xiwang Industrial Area
Zouping
Shandong Province
China
256209

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy (or more than one proxy if he is the holder of two or more shares) to attend and vote instead of him. A proxy needs not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if it/he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint holder, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's share registrar, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In order to determine the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from 25 September 2020 to 30 September 2020 (both days inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration by not later than 4:30 p.m. on 24 September 2020.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m., the meeting will be postponed. The Company will post an announcement on the Company's website (www.xiwangsteel.com) and the website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting.
8. Precautionary measures for the EGM:

Please see cover page of the circular of the Company dated 8 September 2020 for measures being taken to try to prevent and control the spreading of the coronavirus disease (COVID-19) at the EGM, including: (i) compulsory temperature screening/checks; (ii) submission of health and travel declaration form; (iii) wearing of surgical face mask; (iv) no provision of refreshments or drinks; and (v) no provision of corporate gifts.

Any person who does not comply with the precautionary measures may be denied entry to the EGM venue. Shareholders are encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

As at the date of this Notice, the executive directors of the Company are Mr. ZHANG Jian, Mr. SUN Xinqu and Ms. LI Hai Xia, the non-executive director of the Company is Mr. WANG Di, and the independent non-executive directors of the Company are Mr. LEUNG Shu Sun Sunny, Mr. LI Bangguang and Mr. YU Kou.