

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



XIWANG SPECIAL STEEL COMPANY LIMITED

西王特鋼有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1266)

**ANNOUNCEMENT
SUPPLEMENTAL INFORMATION IN RELATION TO
THE EGM CIRCULAR REGARDING
(1) THE PROPOSED CHANGE OF AUDITORS AND
(2) NOTICE OF EGM**

References are made to an announcement of Xiwang Special Steel Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 3 September 2020 (the “**Announcement**”) and a circular of the Company dated 8 September 2020 (the “**EGM Circular**”) in relation to, among others, the proposed change of auditors and the notice convening the EGM to be held on 30 September 2020. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the EGM Circular.

As disclosed in the Announcement and the EGM Circular, (1) the Audit Committee of the Board (the “**Audit Committee**”) had assessed and considered that HLB is eligible and suitable to act as auditors of the Company; and (2) the Board, with the recommendation of the Audit Committee, proposed to appoint HLB as the new auditors of the Company to fill the casual vacancy arising from the Proposed Removal and to hold the office until the conclusion of the next annual general meeting of the Company.

The Board would like to supplement that, during the process of selecting new auditors for the Company, the Board obtained fee quotes in respect of the audit for the year ending 31 December 2020 from three audit firms. The Board preferred to appoint HLB as the Company's new auditors, because:

- 1.) the audit fee proposed by HLB is reasonable, with reference to its service quality, ability, resources and co-operation in the past, that HLB was ranked the highest among the three firms of auditors while their service quality is acceptable;
- 2.) HLB has been the auditors of Xiwang Property Holdings Company Limited, a fellow subsidiary of the Company, since 2016. It is believed that synergy effects can be achieved if the same group of companies is audited by the same auditors;
- 3.) the terms of engagement of HLB are consistent with the normal practice of the accounting industry;
- 4.) HLB is eligible and suitable to act as the auditors of the Company because HLB is an international firm of certified public accountants and its Hong Kong office was formed in 1983. HLB is currently ranked top 6 in Hong Kong in terms of the number of listed companies that HLB audits. HLB also acted as the reporting accountants of a substantial number of listing applicants;
- 5.) HLB is independent from the Company and/or its directors. HLB has verbally confirmed to the Company that it can confirm its independence from the Company in accordance with relevant auditing standards issued by the Hong Kong Institute of Certified Public Accountants; and
- 6.) to the best of the knowledge of the directors of the Company, (i) none of the directors of the Company is connected to HLB and/or its partners; and (ii) nothing will affect the objectivity and effectiveness of HLB in carrying out their audit procedures over the financial statements of the Company.

Both Audit Committee and the Board concurred to the reasons above and recommended the appointment of HLB in the EGM to fill the causal vacancy following the Proposed Removal.

The Board confirmed that the supplementary information contained in this announcement does not affect other information contained in the Announcement and the EGM Circular. Save as disclosed above, the contents of the Announcement and the EGM Circular remained unchanged.

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

Hong Kong, 16 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

Independent non-executive Directors

Mr. LEUNG Shu Sun Sunny
Mr. LI Bangguang
Mr. YU Kou

Non-executive Director

Mr. WANG Di