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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 POSITIVE PROFIT ALERT

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 consolidated net profit attributable to the owners of the Company of not less than RMB150 million for the six months ended 30 June 2021 as compared to a consolidated net loss of approximately RMB274 million for the six months ended 30 June 2020.

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 of directors of the Company (the “**Board**” or the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that it is expected that the Group would record a consolidated net profit attributable to the owners of the Company of not less than RMB150 million for the six months ended 30 June 2021 (the “**Current Period**”) as compared to a consolidated net loss of approximately RMB274 million for the six months ended 30 June 2020 (the “**Prior Period**”).

REASON FOR THE ESTIMATED NET PROFIT

The turnaround from a consolidated net loss attributable to the owners of the Company for the Prior Period to a consolidated net profit for the Current Period was mainly attributable to the Group's efforts to increase production and reduce costs, which had achieved great results, and the increase in production and sales had resulted in the increase in the Group's revenue and gross profit in the Current Period. It is expected that the Group would record a consolidated net profit attributable to the owners of the Company of not less than RMB150 million for the Current Period as compared to a consolidated net loss of approximately RMB274 million for the Prior Period.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts 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 interim results announcement for the Current Period to be published in or around August 2021. 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 interim results 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, 30 July 2021

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Mr. ZHANG Jian
Mr. SUN Xinhua
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