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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

(1) WINDING-UP ORDER MADE AGAINST XIWANG INVESTMENT; AND (2) WINDING UP PETITION FILED AGAINST THE COMPANY

This announcement is made by Xiwang Special Steel Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.25(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

WINDING-UP ORDER MADE AGAINST XIWANG INVESTMENT

The Company was informed by a letter dated 21 March 2023 from the Official Receiver’s Office of Hong Kong (the “**Letter**”) and came to the attention, amongst others, that: (i) a winding-up order was made on 20 March 2023 (the “**Order**”) against Xiwang Investment Company Limited (“**Xiwang Investment**”), which, as at the date of this announcement, directly holds a total of 868,093,000 ordinary shares of the Company (the “**Shares**”), representing approximately 36.64% of the total issued share capital of the Company; and (ii) the Company is requested to remit a sum of RMB9,957,000 to them as a sum allegedly due by the Company to Xiwang Investment as at 30 June 2021 within the next 21 days from the date of the Letter.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is reviewing the request and assessing any possible impact on the Group and its business operations, working capital and financial position, and shall deal with the matter in due course.

WINDING UP PETITION FILED AGAINST THE COMPANY

Reference is made to (i) the announcement of the Company dated 24 November 2019 in relation to, inter alia, the Subscription Agreement dated 24 November 2019 entered into by the Company, the Bond Subscribers and the Guarantors, pursuant to which the Bond Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to issue the Bonds in an aggregate principal amount of US\$30.0 million; and (ii) the announcement of the Company dated 12 December 2019 in relation to the discussion with the Bond Subscribers as to the redemption schedule of the Bonds (collectively, the “**Previous Announcements**”). Capitalised terms used but not otherwise defined herein shall have the same meanings as ascribed to them in the Previous Announcements.

It came to the attention of the Company that, Merlion Macro Firm Ltd. (formerly known as Merlion Marco Fund, the “**Petitioner**”), one of the Bond Subscribers, has on 17 February 2023, filed a winding up petition (the “**Petition**”) (Case Number: HCCW 80 of 2023) with the Court of First Instance of the High Court of Hong Kong Special Administrative Region (the “**Court**”) against the Company. The Petition was filed against the Company in respect of an indebtedness allegedly due and payable by the Company in the amount of US\$5,000,000 and default interest accrued thereon arising from the Bonds issued by the Company pursuant to the Subscription Agreement.

The Court has set the first hearing date for the Petition on 3 May 2023. The Petition was filed in the Court only as an application for the winding up of the Company and as at the date of this announcement, no winding up order has been granted by the Court to wind up the Company.

The Company will oppose the Petition vigorously. However, the Board wishes to remind the shareholders of the Company (the “**Shareholders**”) and potential investors that under section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), in a winding up by the court, any disposition of the property of the Company, including things in action, and any transfer of shares, or alteration in the status of the members of the Company, made after the commencement of the winding up, shall, unless the court otherwise orders, be void as a matter of Hong Kong law.

Furthermore, the Board would like to remind the Shareholders and potential investors regarding the relevant circular dated 28 December 2016 issued by Hong Kong Securities Clearing Company Limited (“**HKSCC**”) in relation to the transfer of shares of listed issuers in respect of which a winding up petition is presented. After the winding up petition has been presented, the transfer of shares made thereafter may be void without a validation order from the court. In view of the restrictions and uncertainties that may arise in relation to the transfer of shares of the affected listed issuers, HKSCC may at any time, and without notice, exercise its powers under the General Rules of the Central Clearing and Settlement System (“**CCASS**”) to temporarily suspend any of its services in respect of the shares of the affected listed issuers. This may include the suspension of acceptance of deposits of share certificates of the affected listed issuers into the CCASS. The share certificates of the affected listed issuers received by HKSCC but not yet re-registered in HKSCC Nominees Limited’s name will also be returned to the relevant CCASS participant and HKSCC shall reserve the right to reverse any credit granted to such CCASS participant by debiting the relevant securities of the affected listed issuers from its CCASS account accordingly. These measures would generally cease to apply from the date when the winding up petition has been struck out, dismissed or permanently stayed, or the affected listed issuer has obtained the necessary validation order from the relevant court(s).

As at the date of this announcement, the Company has been in active negotiations with the Petitioner for an amicable settlement of the Petition. The Company is also seeking advices from professional parties and assessing the possible effect the Petition may have on the Group, including but not limited to whether there would be material adverse impact on the Group’s business operations, working capital and financial position, and whether it may lead to the Company’s other creditors demanding acceleration of repayment. Save as disclosed in this announcement, to the best of the Company’s knowledge, information and belief, having made all reasonable enquiry, there is no other outstanding winding up petition filed against the Company as at the date of this announcement.

The Company will further seek legal advices and take all necessary actions to protect its legal rights and the interests of the Company and the Shareholders as a whole. In view of the Petition, the Company may consider if it is necessary to apply to the Court for a validation order at a later stage taking into account the progress and negotiation with the Petitioner. Shareholders are reminded that there is no guarantee that such validation order would be granted by the Court. In the event where a validation order is not granted and a winding up order is made, all transfers of Shares, after the commencement of the winding up (that is, 17 February 2023), shall be void.

The Company will actively continue the negotiations with the Petitioner and closely monitor the progress of the Order, keep the Shareholders and potential investors informed of any significant development in respect of the Petition and/or any significant adverse effect on the Group's business and operations arising from the Petition and/or the Order, and will make further announcement(s) as and when appropriate in accordance with the Listing Rules and the SFO.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:30a.m. on Wednesday, 29 March 2023. Trading in the Shares will remain suspended until further notice.

Transfer of Shares may be restricted as the deposits of the Shares into CCASS may be suspended due to the Petition. Shareholders and potential investors should exercise caution when investing or dealing in the securities of the Company. You are recommended to consult your own professional or financial advisers if you are in any doubt as to your investment positions.

By Order of the Board of
Xiwang Special Steel Company Limited
Zhang Jian
Chairman

Hong Kong, 30 March 2023

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
Mr. WANG Chaoqun

Independent non-executive Directors

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