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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)**

**HIGH CONCENTRATION OF SHAREHOLDING  
AND INSUFFICIENCY OF PUBLIC FLOAT**

This announcement is made at the request of the Stock Exchange in respect of the high concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 17 November 2015.

As at the date of this announcement, the public float of the Company was approximately 24.95% falling below 25% as required under Rule 8.08 of the Listing Rules because two Directors exercised their share options.

**In view of the high concentration of shareholding in a small number of Shareholders and insufficiency of public float, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of the shareholding of Xiwang Special Steel Company Limited (the “**Company**”) in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 17 November 2015.

## HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement (the “SFC Announcement”) has been published by the Securities and Futures Commission (the “SFC”) on 27 November 2015.

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The SFC’s findings suggested that as at 17 November 2015, 12 shareholders held an aggregate of 329,061,247 issued shares of the Company (the “Shares”), representing 16.45% of the issued Shares. Such shareholding, together with the 1,500,000,000 Shares (representing 75% of the issued Shares) held by a substantial shareholder of the Company, represented 91.45% of the issued Shares as at 17 November 2015. Therefore, only 170,938,753 Shares (representing 8.55% of the issued Shares) were held by other shareholders.

As set out in the SFC Announcement, the shareholding structure of the Company as at 17 November 2015 was as follows:

	<b>Number of Shares held</b>	<b>% of total number of issued Shares</b>
Xiwang Investment Company Limited ( <i>Note 1</i> )	1,500,000,000	75.00
A group of 12 shareholders	329,061,247	16.45
Other shareholders	170,938,753	8.55
	<u>2,000,000,000</u>	<u>100.00</u>

*Note 1:* Xiwang Investment Company Limited is a wholly-owned subsidiary of Xiwang Holdings Limited which is 95% owned by Xiwang Hong Kong Company Limited. Xiwang Hong Kong Company Limited is a wholly-owned subsidiary of Xiwang Group Company Limited which is 66.14% owned by Mr. WANG Yong. Mr. WANG Yong is a non-executive Director and is deemed to be interested in all the Shares in which Xiwang Group Company Limited is interested.

During the period from 1 September 2015 to 17 November 2015, the closing price of the Shares increased 91.4% from HK\$0.93 to HK\$1.78, with an average daily turnover of 12,162,808 Shares.

Since 1 September 2015, the Company has made the following announcements:

- (1) On 14 October 2015, the Company announced that Mr. Wang Hui and Mr. Jiang Chang Lin resigned as Executive Directors of the Company. Mr. Wang Hui also resigned as Chief Executive Officer of the Company. Mr. Zhang Jian and Ms. Li Hai Xia were appointed as Executive Directors of the Company. Mr. Zhang Jian was also appointed as Chief Executive Officer of the Company.
- (2) On 10 November 2015, the Company announced that its wholly-owned subsidiary has entered into a research and development cooperation agreement with the Institute of Metal Research of Chinese Academy of Sciences and Shanxi Guozheng High-Speed Railroad Technology Company Limited to conduct research and development on axles for high speed trains.
- (3) On 20 November 2015, the Company announced that its wholly-owned subsidiary has agreed to establish a finance company jointly with other Xiwang group companies and Cinda Asset Management Company Limited (Stock Code: 1359), and together will contribute total of RMB1,000 million as registered capital of the finance company.

As at 26 November 2015, the closing price of the Shares was HK\$1.36, representing an increase of 46.2% from the closing price of HK\$0.93 on 1 September 2015.

The information above is extracted from the SFC Announcement and the board (“**Board**”) of directors of the Company (“**Directors**”) has not independently verified such information. Please refer to the SFC Announcement for other information.

## **INSUFFICIENCY OF PUBLIC FLOAT**

As at the date of this announcement, the public float of the Company has fallen below 25% as required under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) because two Directors exercised their share options.

## Public float before the Exercise

Based on the information available and to the Directors' best knowledge after making all reasonable enquiries, the Company confirms that not less than 25% of the issued Shares were held in public hands as at 17 November 2015, and the Company had maintained a sufficient public float as required under the Listing Rules until the Exercise (as defined below).

## Public float after the Exercise

On 23 November 2015, a total amount of 6,666,666 new Shares were allotted to two Directors and a staff of the Company upon exercise of the share options under the share option scheme adopted on 3 September 2014 (the "Exercise"). Of such new shares allotted, 4,000,000 new Shares were allotted to Mr. WANG Di, a non-executive Director, 2,000,000 new Shares were allotted to Mr. SUN Xihu, an executive Director, and 666,666 new Shares were allotted to a staff of the Company who is not a core connected person of the Company or any other person as defined under Rule 8.24 of the Listing Rules. After the Exercise, the number of issued Shares has been increased to 2,006,666,666. The shareholding structure of the Company as at the date of this announcement was as follows:

	<b>Number of Shares held</b>	<b>% of total number of issued Shares</b>
Xiwang Investment Company Limited ( <i>Note 1</i> )	1,500,000,000	74.75
Mr. WANG Di ( <i>Note 2</i> )	4,000,000	0.20
Mr. SUN Xihu ( <i>Note 3</i> )	2,000,000	0.10
A group of 12 shareholders	329,061,247	16.40
Other shareholders	171,605,419	8.55
	<u>2,006,666,666</u>	<u>100.00</u>

*Note 1:* Xiwang Investment Company Limited is a wholly-owned subsidiary of Xiwang Holdings Limited which is 95% owned by Xiwang Hong Kong Company Limited. Xiwang Hong Kong Company Limited is a wholly-owned subsidiary of Xiwang Group Company Limited which is 66.14% owned by Mr. WANG Yong. Mr. WANG Yong is a non-executive Director and is deemed to be interested in all the Shares in which Xiwang Group Company Limited is interested.

*Note 2:* Mr. WANG Di is a non-executive Director and therefore a core connected person of the Company under the Listing Rules.

*Note 3:* Mr. SUN Xinqu is an executive Director and therefore a core connected person of the Company under the Listing Rules.

Based on the information available and to the Directors' best knowledge after making all reasonable enquiries, the Company confirms that, after the allotment of Shares to Mr. WANG Di and Mr. SUN Xinqu under the Exercise, approximately 24.95% of the issued Shares were held in public hands as at the date of this announcement, thereby resulting in the public float of the Company falls below 25% as required under Rule 8.08 of the Listing Rules.

The Company is in the process of restoring the minimum public float as required under Rule 8.08 of the Listing Rules and will make further announcement(s) in this aspect as and when appropriate in compliance with the Listing Rules.

**In view of the high concentration of shareholding in a small number of Shareholders and insufficiency of public float, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

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

Hong Kong, 29 November 2015

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

*Executive Directors*

Mr. ZHANG Jian  
Mr. SUN Xinqu  
Ms. LI Hai Xia

*Independent non-executive Directors*

Mr. LEUNG Shu Sun Sunny  
Mr. LIU Xiangming  
Mr. YU Kou

*Non-executive Directors*

Mr. WANG Di  
Mr. WANG Yong  
Ms. LI Yiyi