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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)**

### **POSITIVE PROFIT ALERT IN RESPECT OF THE FIRST QUARTER OF 2017**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the three months ended 31 March 2017, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, the consolidated profit attributable to the shareholders of the Company for the three months ended 31 March 2017 is expected to increase by 344% as compared with that for the three months ended 31 March 2016.

**Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.**

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

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the three months ended 31 March 2017, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, the consolidated profit attributable to the shareholders of the Company for the three months ended 31 March 2017 is expected to increase by 344% as compared with that for the three months ended 31 March 2016.

A breakdown of the unaudited and non-reviewed financial figures for the three months ended 31 March 2017 together with comparative figures for the corresponding period in 2016 is set out as follow:

	<b>For the three months ended 31 March 2017 (unaudited)</b>	<b>For the three months ended 31 March 2016 (unaudited)</b>
Sales volume of Steel ( <i>tonnes</i> )	709,693	624,495
Sale volume of Ordinary Steel ( <i>tonnes</i> )	523,457	413,453
Sale volume of Special Steel ( <i>tonnes</i> )	186,236	211,042
Revenue ( <i>RMB'000</i> )	2,872,529	1,407,526
Net profit attributable to owners of the Company ( <i>RMB'000</i> )	185,370	41,710
Gross profit margin	15.0%	12.8%
Gross profit per tonne ( <i>RMB</i> )		
– production and sales of steel	610	285
Net profit margin	6.5%	3.0%

The net profit attributable to the owners of the Company for the three months ended 31 March 2017 increased substantially due to the increase in revenue coupled with the improved gross profit margins of both ordinary steel and special steel. Such increases were attributable to the change in demand and supply of the steel industry, where the management of the Company is able to grasp the opportunities for steady development. On the supply side, the favourable government policies on prohibiting the use of intermediate frequency furnace and on alleviating overcapacities of the steel industry have resulted in a significant decrease in production capacities of certain steel mills leading up to a decrease in steel supply. On the demand side, the approval by the government on numerous infrastructure projects and the steady demand arising from the property development industry have caused the steel demand to expand further.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the unaudited consolidated financial statements of the Group, which have not been confirmed, reviewed or audited by the Company’s auditors and the actual results for the Group may be different from those disclosed in this announcement.

**Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.**

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

Hong Kong, 10 April 2017

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 Directors*

Mr. WANG Di  
Mr. WANG Yong