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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)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of Xiwang Special Steel Company Limited (the “**Company**”) announces that on 19 September 2014 (“**Date of Grant**”), the Company granted a total of 10,000,000 share options (the “**Options**”) to subscribe for the ordinary shares of the Company (“**Shares**”) to an employee and non-executive directors of the Company (the “**Grantees**”) under the Company’s share option scheme adopted on 3 September 2014. A summary of the grant of Options is set out below:

Date of Grant	:	19 September 2014
Exercise price of Options granted	:	HK\$1.064 per Share
Number of Options granted	:	10,000,000
Closing price per Share on the Date of Grant	:	HK\$1.03 per Share
Validity period of the Options	:	From 19 September 2014 to 18 September 2017

During the validity period of the Options, the Options shall become exercisable as follows:

- (i) Options to subscribe for up to 3,333,333 Shares shall become exercisable commencing from 19 September 2014 up to and including 18 September 2015;
- (ii) Options to subscribe for up to 6,666,666 Shares (inclusive of those set out in paragraph (i) above) shall become exercisable commencing from 19 September 2015 up to and including 18 September 2016; and
- (iii) all the Options shall become exercisable commencing from 19 September 2016 up to and including 18 September 2017.

Each Option shall entitle the Grantees to subscribe for one Share upon exercise of such Option at an exercise price of HK\$1.064 per Share, which represents the higher of (i) the closing price of HK\$1.03 per Share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 September 2014 (Date of Grant); and (ii) the average closing price of HK\$1.064 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant.

Out of the Options to subscribe for 10,000,000 Shares offered to the Grantees, Options to subscribe for 6,000,000 and 3,000,000 Shares were granted to Mr. WANG Di and Mr. SUN Xihu, both being non-executive directors of the Company. The grant of Options to such non-executive directors has been approved by the independent non-executive directors of the Company.

Save as disclosed above, none of the Grantees is a director, chief executive or substantial shareholder of the Company nor an associate (as defined in the Listing Rules) of any of them.

By order of the Board
Xiwang Special Steel Company Limited
NG Weng Sin
Company Secretary

Hong Kong, 19 September 2014

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

Executive directors

Mr. WANG Hui

Mr. JIANG Chang Lin

Mr. HE Qing Wen

Independent non-executive directors

Mr. LEUNG Shu Sun Sunny

Mr. ZHANG Gongxue

Mr. YU Kou

Non-executive directors

Mr. WANG Yong

Mr. WANG Di

Mr. SUN Xihu