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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 THIRD QUARTER OF 2018  
AND  
CERTAIN KEY OPERATING DATA**

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 nine months ended 30 September 2018, 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 nine months ended 30 September 2018 is expected to increase by more than 50% as compared with that for the nine months ended 30 September 2017.

The Board also wishes to inform the shareholders of the Company and potential investors about certain unaudited operating data of the Group for the three months ended 30 September 2018.

**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).

### **Positive Profit Alert**

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 nine months ended 30 September 2018, 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 nine months ended 30 September 2018 is expected to increase by more than 50% as compared to the corresponding period of last year (nine months ended 30 September 2017: approximately RMB573 million (unaudited)).

The increase in the net profit attributable to the shareholders of the Company for the nine months ended 30 September 2018 was due to:

- (1) persistent rise in steel price and moderate increase in raw material price, lead to an increase in our profit margin along with an increase in gross profit of steel.
- (2) decrease in income tax expense due to recognition as a High and New Technology Enterprise and increase in government subsidy.

### **Key Operating Data**

The Board is also pleased to announce the unaudited key operating data of the Group for the three months ended 30 September 2018 as follows:

**For the three months ended  
30 September 2018  
(Unaudited)**

|   |                             |
|---|-----------------------------|
| Sales volume of self-manufactured steel products ( <i>tonnes</i> )        | Approximately 756,000       |
| Gross profit per tonne of self-manufactured steel products ( <i>RMB</i> ) | Approximately 886 per tonne |

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 reviewed or audited by the Company's auditors and the actual results of 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, 15 October 2018

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