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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 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 three months ended 31 March 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 three months ended 31 March 2018 is expected to increase by 26% as compared with that for the three months ended 31 March 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 31 March 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 three months ended 31 March 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 three months ended 31 March 2018 is expected to increase by 26% as compared with that for the three months ended 31 March 2017.

The increase in the consolidated net profit attributable to the shareholders of the Company for the three months ended 31 March 2018 was mainly due to the following factors:

- (1) 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 enterprises. Meanwhile, the national supervision on environmental inspection has been strengthened and certain enterprises which failed to meet the environmental standards were ordered to close down, leading to a decrease in steel supply;
- (2) on the demand side, the approval by the government on numerous infrastructure projects, frequent construction activities and steady demand from the property development industry have caused the demand on steel to increase further and the steel price to rise persistently;
- (3) factors, such as, persistent rise in steel price, moderate increase in raw material price, lead to an increase in our profit margin along with an increase in gross profit of steel; and
- (4) decrease in finance costs, decrease in income tax expense because of 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 31 March 2018 as follows:

	For the three months ended 31 March 2018 (Unaudited)
Sales volume of self-manufactured steel products (tonnes)	Approximately 690,000
Gross profit per tonne of self-manufactured steel products (RMB)	Approximately 637 per tonne
Consolidated net profit attributable to the shareholders of the Company (RMB)	Approximately 234 million

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, 13 April 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