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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)

INSIDE INFORMATION AND PROFIT WARNING

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rule.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment by the Board with reference to the unaudited operating information of the Group, the Group expects to record a decline in net profit by approximately 90% to 100% for the year ended 31 December 2019, as compared to the net profit of RMB961.55 million for the year ended 31 December 2018.

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

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

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group expects to record a decline in net profit attributable to the Shareholders by approximately 90% to 100% for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018.

REASON FOR THE ESTIMATED DECLINE

During the year ended 31 December 2019, affected by the China-US trade war as well as other factors, some of the Company's downstream customers have experienced difficulties in exporting their products, which resulted in a drop in demand for the Company's products. At the same time, there has been a drop in the prices of steel products of the Company as compared to the corresponding period last year, and production costs increased due to the rapidly rising prices of raw materials and fuels. Consequently, net profit attributable to the Shareholders decreased as compared with last year.

The information set out above contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the year ended 31 December 2019 and information currently available to the Board and the same has not been reviewed by or discussed with the auditors of the Company. Shareholders and potential investors should note that detailed information on the Group's performance for the year ended 31 December 2019 will be disclosed in its results announcement for the same period to be published in or around late March 2020. The Company is in the process of finalising the results of the Group for the year ended 31 December 2019. There may be differences between such information and estimated financial information set out above. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the results of the Group for the year ended 31 December 2019.

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

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

Hong Kong, 29 March 2020

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. LI Bangguang
Mr. YU Kou

Non-executive Director

Mr. WANG Di