

27 November 2015

**High Concentration of Shareholding
in
Xiwang Special Steel Company Limited (Stock Code: 1266)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of Xiwang Special Steel Company Limited (“the Company”) in the hands of a limited number of shareholders as at 17 November 2015.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that as at 17 November 2015, 12 shareholders held an aggregate of 329,061,247 Shares, representing 16.45% of the issued Shares. Such shareholding, together with the 1,500,000,000 Shares (representing 75% of the issued Shares) held by a substantial shareholder of the Company, represented 91.45% of the issued Shares as at 17 November 2015. Therefore, only 170,938,753 Shares (representing 8.55% of the issued Shares) were held by other shareholders.

As at 17 November 2015, the shareholding structure of the Company was as follows:

	Number of Shares held (shares)	% of total number of issued Shares (%)
Xiwang Investment Company Limited (<i>Note 1</i>)	1,500,000,000	75.00
A group of 12 shareholders	329,061,247	16.45
Other shareholders	170,938,753	8.55
Total	2,000,000,000	100.00

Note 1: Xiwang Investment Company Limited is a wholly-owned subsidiary of Xiwang Holdings Limited which is 95% owned by Xiwang Hong Kong Company Limited. Xiwang Hong Kong Company Limited is a wholly-owned subsidiary of Xiwang Group Company Limited which is 66.14% owned by Mr. WANG Yong. Mr. WANG Yong is a non-executive Director of the Company and is deemed to be interested in all the shares of the Company in which Xiwang Group Company Limited is interested.

During the period from 1 September 2015 to 17 November 2015, the closing price of the Shares increased 91.4% from HK\$0.93 to HK\$1.78, with an average daily turnover of 12,162,808 shares.



Since 1 September 2015, the Company has made the following announcements:

- 1) On 14 October 2015, the Company announced that Mr. Wang Hui and Mr. Jiang Chang Lin resigned as Executive Directors of the Company. Mr. Wang Hui also resigned as Chief Executive Officer of the Company. Mr. Zhang Jian and Ms. Li Hai Xia were appointed as Executive Directors of the Company. Mr. Zhang Jian was also appointed as Chief Executive Officer of the Company.
- 2) On 10 November 2015, the Company announced that its wholly-owned subsidiary has entered into a research and development cooperation agreement with the Institute of Metal Research of Chinese Academy of Sciences and Shanxi Guozheng High-Speed Railroad Technology Company Limited to conduct research and development on axles for high speed trains.
- 3) On 20 November 2015, the Company announced that its wholly-owned subsidiary has agreed to establish a finance company jointly with other Xiwang group companies and Cinda Asset Management Company Limited (Stock Code: 1359), and together will contribute total of RMB1,000 million as registered capital of the finance company.

As at 26 November 2015, the closing price of the Shares was HK\$1.36, representing an increase of 46.2% from the closing price of HK\$0.93 on 1 September 2015.

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