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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

RECOGNITION AS A HIGH AND NEW TECHNOLOGY ENTERPRISE AND TAX PREFERENTIAL TREATMENT AND POSITIVE PROFIT ALERT

This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Xiwang Special Steel Company Limited (the “**Company**”) dated 9 January 2018, in which the Company announced that the consolidated profit attributable to the shareholders of the Company for the year ended 31 December 2017 is expected to increase by more than 150% as compared with that for the year ended 31 December 2016 (RMB332.6 million).

Recognition as a High and New Technology Enterprise and Tax Preferential Treatment

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Xiwang Metal Science & Technology Company Ltd* (西王金屬科技有限公 司) (“**Xiwang Metal Science**”), a subsidiary of the Company, has obtained the High and New Technology Enterprise Certificate* (高新技術企業證書) (No. GR201737001201) jointly issued by the Shandong Provincial Department of Science and Technology* (山東省科學技術廳), the Shandong Provincial Department of Finance* (山東省財政廳), the Shandong Provincial Office of the State Administration of Taxation* (山東省國家稅務局) and the Shandong Provincial Local Taxation Bureau* (山東省地方稅務局). The certificate was effective from 28 December 2017 and is valid for three years.

According to the relevant requirements of the Administrative Measures with regard to the Recognition of High and New Technology Enterprises* (《高新技術企業認定管理辦法》) (the “**Administrative Measures**”), an enterprise which has obtained the High and New Technology Enterprise Qualification is entitled to enjoy tax preferential treatment from the year in which the certificate is issued; and in accordance with the relevant requirements of the Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法》), high and new technology enterprises are entitled to enjoy a preferential tax rate at the enterprise income tax rate of 15%. Xiwang Metal Science is expected to enjoy a preferential tax concession and its applicable enterprise income tax rate at the reduced rate of 15% for the three financial years from 2017 to 2019. Without this preferential tax concession, the normal enterprise income tax rate of Xiwang Metal Science would be 25%.

The Board is of the opinion that the relatively low enterprise income tax rate of Xiwang Metal Science will have a positive impact on the operation results of the Group.

Positive Profit Alert

With this preferential tax concession, the unaudited consolidated profit attributable to the shareholders of the Company for the year ended 31 December 2017 (the “**Year**”) is expected to be approximate RMB890 million representing an expected increase by more than 165% as compared with that for the year ended 31 December 2016 (RMB332.6 million).

The Company is in the course of finalising the annual results of the Group for the Year. 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 for the Group may be different from those disclosed in this announcement.

Details of the annual results of the Group for the year ended 31 December 2017 are expected to be announced in March 2018. Shareholders and potential investors should read the Group’s annual results carefully.

Shareholders of the Company 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, 1 March 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

* *For identification purposes only*