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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

RENEWAL OF THE HIGH AND NEW TECHNOLOGY ENTERPRISE CERTIFICATE AND PREFERENTIAL TAX CONCESSION

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**”).

RECOGNITION AS A HIGH AND NEW TECHNOLOGY ENTERPRISE AND TAX PREFERENTIAL TREATMENT

Reference is made to an announcement of the Company dated 1 March 2018 (the “**Announcement**”). Unless otherwise defined or the context otherwise requires, capitalised terms in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, Xiwang Metal Science, a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate* (高新技術企業證書) 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 “**2017 High and New Technology Enterprise Certificate**”). 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 a 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 enjoyed 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.

The Board is pleased to announce that a new High and New Technology Enterprise Certificate 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) and the Shandong Provincial Taxation Bureau of the State Administration of Taxation* (國家稅務總局山東省稅務局), which is effective for another period of three years was obtained by the Board. Xiwang Metal Science is expected to continue to enjoy a preferential tax concession with the enterprise income tax rate applicable to Xiwang Metal Science reduced to 15% for the three financial years from 2020 to 2022. Without this preferential tax concession, the normal enterprise income tax rate applicable to 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 continue to have a positive impact on the operation results of the Group.

* for identification purpose only

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

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

Hong Kong, 16 April 2021

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Mr. ZHANG Jian

Mr. SUN Xinhua

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