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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)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING ON
STRATEGIC COOPERATION

This announcement is made by Xiwang Special Steel Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis for the purpose of providing shareholders of the Company (the “**Shareholders**”) and potential investors the latest information on the business development of the Group.

MEMORANDUM OF UNDERSTANDING

The board of directors of the Company (the “**Board**”) is pleased to announced that on 5 October 2023, the Company entered into a non legally-binding memorandum of understating (the “**MOU**”) with Touchstone Capital Group Holdings Limited (“**Touchstone**”), pursuant to which a strategic cooperation between the parties will be established with an aim to optimize the capital structure of the Company and to facilitate the Company’s future business expansion.

Pursuant to the MOU, the Company and Touchstone set out the intention to, among others, collaborate with each other to facilitate the capital restructuring and business expansion initiatives by assessing and optimizing the Company’s current capital structure and identifying and evaluating potential business opportunities. It is the intention that Touchstone would provide its financial expertise and resources to assist the Company in its capital restructuring process and the evaluation of potential business opportunities by leveraging Touchstone’s network, knowledge and expertise in financial solutions and global fund placement.

REASONS FOR ENTERING INTO THE MOU

The Company is a leading high-end special steel manufacturer with its primary operations located in Shandong Province, the PRC. The cooperation between the Company and Touchstone aims to enhance the Company's financial stability and efficiency through capital restructuring and to facilitate the Group's business expansion. The Board believes that the intention set out in the MOU, if materialized, would optimize the Group's financial health, liquidity and reduce funding costs, and ultimately increase the overall value of the Group. Having regard the strengthen and background of Touchstone, the Group's strategic cooperation with Touchstone is in the interest of the Company and its Shareholders as a whole.

INFORMATION OF TOUCHSTONE

Touchstone is a platform incorporated in the United Kingdom with limited liability and is principally engaged in the provision of financial services such as fund and asset management, insurance brokerage, international investment banking and financial advisory services. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Touchstone and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s), as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The MOU represents the establishment of a strategic cooperation between Touchstone and the Company and is not legally binding. It is the intention that the parties to the MOU will enter into a formal agreement setting out the specific terms and conditions of cooperation in due course and further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate. The MOU may be terminated by either party with written notice to the other party.

As the MOU is not legally binding, the strategic cooperation relationship with Touchstone mentioned in the MOU may or may not materialize. 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
ZHANG Jian
Chairman

Hong Kong, 6 October 2023

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

Executive Directors:
Mr. ZHANG Jian
Mr. SUN Xinqu
Mr. WANG Chaoqun

Independent non-executive Directors:
Mr. LI Bangguang
Mr. YU Kou