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Xingye Alloy Materials Group Limited
興業合金材料集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 505)

DISCLOSEABLE TRANSACTION
CONSTRUCTION CONTRACT

CONSTRUCTION CONTRACT

The Board is pleased to announce that on 25 January 2021, Ningbo Xinyue (a wholly-owned subsidiary of the Company) and Sichuan Pengcheng have entered into the Construction Contract, pursuant to which Sichuan Pengcheng agreed to undertake the construction of certain facilities and properties for Ningbo Xinyue in relation to the development of the Land at a total Consideration of RMB118,600,000 (equivalent to approximately HK\$140,500,000).

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 25 January 2021, Ningbo Xinyue (a wholly-owned subsidiary of the Company) and Sichuan Pengcheng entered into the Construction Contract, pursuant to which Sichuan Pengcheng has agreed to undertake the construction of certain facilities and properties for Ningbo Xinyue in relation to the development of the Land.

THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are set out as follows:–

Date: 25 January 2021

Parties:

1. Ningbo Xinyue (寧波鑫悅合金材料有限公司), a wholly-owned subsidiary of the Company; and
2. Sichuan Pengcheng (四川鵬程搏創建築工程有限公司)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Sichuan Pengcheng and its ultimate beneficial owners are the Independent Third Parties independent of the Company and its connected persons (as defined under the Listing Rules).

Scope of construction: The scope of the Construction Contract includes the construction of a factory plant, office building and technology innovation centre, and includes the fire resistance measures, building seismic fortification measures and water-resistant roof measures, civil engineering works, installation of foundation and parameters, and other related facilities located at Hangzhou Bay New District, Ningbo.

Contract schedule: Date of Commencement: 28 February 2021

Date of completion: 30 June 2022

Consideration: The Consideration payable by Ningbo Xinyue is RMB118,600,000 (equivalent to approximately HK\$140,500,000).

The Consideration is subject to adjustment in accordance with any change in the published price of labour or of the materials provided that such change exceeds RMB1,000,000. Any upward adjustment would be capped at 5% of the Consideration i.e. maximum consideration shall not exceed RMB124,530,000.

The Consideration was determined after arm's length negotiations by way of tender with reference to the expected scope and complexity of the construction works, the estimated costs of material and labour, and the prevailing market prices for carrying out construction works of comparable scale and complexity.

Payment terms: The Consideration shall be settled by Ningbo Xinyue in the following manner:

1. 20% of the total Consideration shall be settled within 15 working days after the execution of the Construction Contract by the parties.
2. 65% of the total Consideration shall be settled upon satisfactory inspection and completion of the constructions works and the urban construction archives filing.
3. The remaining Consideration (including the price of any adjusted fees) shall be settled within 15 days after completion of the settlement audit. 2% of such settlement sum will be withheld as a warranty deposit, and 1% of the warranty deposit will be returned 12 months after expiration of the defective liability period, and the remaining 1% of the warranty deposit shall be returned without interest 24 months after the expiration of the defective liability period.

The Consideration will be financed by the internal resources of the Group.

Performance Guarantee: Sichuan Pengcheng shall submit to Ningbo Xinyue a bank performance guarantee with the total amount of RMB2,000,000 and in the form acceptable to Ningbo Xinyue within 7 working days after the execution of the Construction Contract.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

Pursuant to the announcement issued by the Company on 17 May 2019, the current premises of the Group was about to be fully utilized and therefore the Land was acquired to cater for the continual development of the copper business operation of the Group. The Construction Contract is intended for the development of the Land, which would include the construction of, inter alia, a factory plant, office building and technology innovation centre and other facilities thereon for the Group's own use in its ordinary and usual course of business.

The Directors are of the view that the terms of the Construction Contract are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in (i) manufacturing and sales of high precision copper plates and strips; (ii) trading of copper raw materials; (iii) provision of copper products processing services; (iv) the management of a portfolio of investment; and (v) development, operation and distribution of internet and mobile gaming products predominantly in the PRC.

Ningbo Xinyue is principally engaged in the business of manufacturing and sale of high precision copper plates and strips.

INFORMATION OF SICHUAN PENGCHENG

Sichuan Pengcheng is a company established in the PRC and is principally engaged in the businesses of housing construction engineering, municipal engineering, steel structure engineering, water conservancy and hydropower engineering, highway engineering, building renovation engineering, landscaping and landscape architecture, mechanical and electric equipment installation, building wall construction, lifting appliance installation, intelligence engineering, construction of precast concrete structures and leasing of construction machinery (for projects that need to be approved according to the law, business activities can only be carried out after the approval of relevant departments).

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors of the Company;
“Company”	Xingye Alloy Materials Group Limited (興業合金材料集團有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange;
“Consideration”	the total consideration payable under the Construction Contract;
“Construction Contract”	the construction contract dated 25 January 2021 entered into between Ningbo Xinyue and Sichuan Pengcheng in respect of the Land;
“Directors”	the directors of the Company;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules;
“Land”	A piece of land situated in Hangzhou Bay New District, Ningbo;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ningbo Xinyue”	Ningbo Xinyue Alloy Material Co., Ltd.* (寧波鑫悅合金材料有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sichuan Pengcheng”	Sichuan Pengcheng BoChuang Construction Company Ltd* (四川鵬程搏創建築工程有限公司), a company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By Order of the Board
Xingye Alloy Materials Group Limited
HU Minglie
Chief Executive Officer and Executive Director

Hong Kong, 25 January 2021

As at the date of this announcement, the executive directors of the Company are Mr. HU Changyuan, Mr. HU Minglie and Mr. ZHU Wenjun; and the independent non-executive directors of the Company are Mr. CHAI Chaoming, Dr. LOU Dong and Ms. LU Hong

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

* For identification purposes only