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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
PURCHASE OF EQUIPMENT

THE CONTRACTS

The Board is pleased to announce that, on 8 February 2022, the Buyer, an indirect wholly-owned subsidiary of the Company, entered into the Contracts with the Sellers, for the sale and purchase of the Equipment at the Consideration, subject to adjustment (if any).

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 Contracts 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.

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THE CONTRACTS

The principal terms of the Contracts are summarised as follows:–

Date: 8 February 2022

Parties:

1. the Buyer as purchaser
2. the Sellers collectively as the seller

Equipment to be purchased: 1 set of high precision 20-high finishing reversing cold rolling mill, together with installation, training, and other related deliverables and services.

Consideration and payment schedule: The Consideration is JPY970,477,000 and RMB25,787,000 (equivalent to HK\$96,266,431.10 in aggregate), subject to a maximum upward adjustment of an amount not exceeding RMB2,000,000.00. This is payable by the Buyer to the respective sellers as follows:

- (a) 20% of the Consideration shall be payable as the down payment within 30 calendar days after the Contracts have been signed by the parties, and after the receipt by the Company of certain stipulated documentation from each of the Sellers;
- (b) 80% of the Consideration shall be paid by an irrevocable letter of credit in favour to each of the Sellers issued by the Buyer's bank in a form prescribed in the Contracts and within 30 days after the Buyer has made the down payment. Payment out of the Letter of Credit is as follows:
 - (i) 65% of the Consideration shall be payable pro rata upon delivery of such portion of the Equipment and upon presentation of certain stipulated documentation to each of the Sellers' banks; and
 - (ii) 15% of the Consideration shall be paid after the final acceptance of the Equipment and related services, and upon presentation of certain stipulated documentation to each of the Sellers' banks.

The Consideration was determined after arm's length negotiations between the parties after taking into account the market prices of similar equipments. The Directors (including independent non-executive Directors) consider that the consideration under the Contracts is fair and reasonable which is expected to be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTS

In order to increase the Group's production capacity for manufacturing high precision copper plates, the Company has resolved to purchase the Equipment, which would be a key machinery in the manufacturing process. The Directors (including the independent non-executive Directors) consider that the Contracts and the transactions contemplated thereunder were entered into on normal

commercial terms and in the ordinary and usual course of business. The Directors are of the view that the terms of the Contracts are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION OF THE GROUP AND THE SELLERS

The Company is an investment holding company with its principal subsidiaries engaged in manufacturing and sales of high precision copper plates and strips, trading of raw materials, provision of processing services, the management of a portfolio of investment and development, operation and distribution of internet and mobile gaming products.

The Buyer is an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of manufacture and sale of high precision copper plates and strips.

The Sellers are companies respectively incorporated in the PRC and Japan and are principally engaged in manufacturing, selling, importing, and exporting a variety of products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Sellers and their ultimate beneficial owner, namely Sojitz Corporation, a company incorporated in Japan whose shares are listed on the Tokyo Stock Exchange (Securities Code: 2768), are Independent Third Parties.

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 Contracts 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;
“Buyer”	Ningbo Xingye Xintai New Electronic Materials Co., Ltd.* (寧波興業鑫泰新型電子材料有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary 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 Hong Kong Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Consideration”	JPY970,477,000 and RMB25,787,000 (equivalent to HK\$96,266,431.10 in aggregate), subject to a maximum upward adjustment of an amount not exceeding RMB2,000,000.00, being the consideration payable by the Buyer to the Sellers under the Contracts;
“Contracts”	the master contract for production line supply and technical services, local supply contract for production line supply and technical services, and international supply contract for production line supply and technical services dated 8 February 2022 entered into between the Buyer and the Sellers in respect of the Equipment;
“Directors”	the directors of the Company;
“Equipment”	the 1 set of high precision 20-high finishing reversing cold rolling mill, together with installation, training, and other related deliverables and services under the Contracts;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Third Parties”	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;
“JPY”	Japanese Yen, the lawful currency of Japan;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“PRC”	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;

“Sellers” Sojitz Machinery Corporation (雙日機械公司) a company incorporated in Japan, and Sojitz (Shanghai) Co., Ltd. (雙日(上海)有限公司), a company incorporated in the PRC;

“%” per cent.

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

Hong Kong, 8 February 2022

Translations of JPY and RMB into HK\$ are for illustration purpose only, respectively at the rate of JPY1.00 to HK\$0.0669 and RMB1.00 to HK\$1.2154. No representation is made that any amounts in JPY, RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

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*