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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 19 January 2023, 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:** 19 January 2023

**Parties:**

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

**Equipment to be purchased:** High temperature vertical continuous strip annealing line for copper high performance alloys, together with installation, training, and other related deliverables and services.

**Consideration and payment schedule:** The Consideration is EUR6,380,000 and RMB25,050,000 (equivalent to approximately HKD83,021,646 in aggregate), subject to adjustments as agreed in the Master Contract.

The consideration under the International Supply Contract is payable by the Buyer to Otto Junker GmbH as follows:

- (a) 30% of the consideration shall be payable as the down payment within 30 calendar days after the Master Contract has been signed by the parties, and after the receipt by the Buyer of certain stipulated documentation from Otto Junker GmbH; and
- (b) 70% of the consideration shall be paid by an irrevocable letter of credit in favour of Otto Junker GmbH issued by the Buyer's bank and payable by negotiation at the counters of Otto Junker GmbH's bank pro-rata according to the shipment schedule against presentation of the stipulated documents in a form and content approved by Otto Junker GmbH and Buyer within 30 days after the Buyer has made the down payment.

The consideration under the Local Supply Contract is payable by the Buyer to Otto Junker Metallurgical as follows:

- (a) 30% of the consideration shall be payable as the down payment by telegraphic transfer at its free disposal within 30 calendar days after the Master Contract has been signed by the parties, and after the receipt by the Buyer of certain stipulated documentation from Otto Junker Metallurgical; and
- (b) 70% of the consideration shall be payable by telegraphic transfer by progress in accordance with the schedule set out in the Master Contract and within 30 days after the Buyer has received the relevant value receipt and payment notification.

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, BUYER AND 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 Germany and the PRC and are principally engaged in manufacturing, selling, and exporting of melting furnaces and heat treatment furnaces for the metal industry. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Sellers and their ultimate beneficial owner, namely the Federal State of North Rhine-Westphalia, Germany, 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 Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	EUR6,380,000 and RMB25,050,000 (equivalent to approximately HKD83,021,646 in aggregate);
“Contracts”	the Master Contract, Local Supply Contract and International Supply Contract;
“Directors”	the directors of the Company;
“Equipment”	the high temperature vertical continuous strip annealing line for copper high performance alloys, together with installation, training, and other related deliverables and services under the Contracts;
“Group”	the Company and its subsidiaries;
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“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;
“International Supply Contract”	international supply contract for production line supply and technical services dated 19 January 2023 entered into between the Buyer and Otto Junker GmbH in respect of the Equipment;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Local Supply Contract”	local supply contract for production line supply and technical services dated 19 January 2023 entered into between the Buyer and Otto Junker Metallurgical in respect of the Equipment;

“Master Contract”	the master contract for production line supply and technical services dated 19 January 2023 entered into between the Buyer and the Sellers in respect of the Equipment;
“Otto Junker GmbH”	Otto Junker GmbH (奧托容克有限公司), a company incorporated in Germany;
“Otto Junker Metallurgical”	Otto Junker Metallurgical Equipment (Shanghai) Ltd. (奧托容克冶金設備(上海)有限公司), a company incorporated in the PRC;
“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”	Otto Junker GmbH and Otto Junker Metallurgical;
“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, 19 January 2023

*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*