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IRICO

彩虹集團新能源股份有限公司

IRICO GROUP NEW ENERGY COMPANY LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0438)

**CONTINUING CONNECTED TRANSACTIONS ANNOUNCEMENT
IN RESPECT OF**

- (1) REVISION OF THE EXISTING ANNUAL CAPS UNDER THE
ZHONGDIAN IRICO MASTER PURCHASE AGREEMENT;**
- (2) REVISION OF THE EXISTING ANNUAL CAPS UNDER THE CHINA
POWER MASTER PURCHASE AGREEMENT;**
- (3) ENTERING INTO OF THE CEOVU MASTER PURCHASE
AGREEMENT; AND**
- (4) ENTERING INTO OF THE CESE3 MASTER PURCHASE
AGREEMENT**

The Board hereby announces that on 31 August 2022:

- (i) the Board approved the revisions of the existing annual caps under each of the Zhongdian IRICO Master Purchase Agreement and the China Power Master Purchase Agreement; and
- (ii) the Company entered into the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement, to regulate the respective continuing connected transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CEC and IRICO Group are controlling Shareholders of the Company, holding approximately 74.91% of the issued share capital of the Company, and are connected persons of the Company. Zhongdian IRICO is held as to 72.08% and 27.92% by CEC and IRICO Group respectively, is an associate of CEC and IRICO Group and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement entered into between the Company and Zhongdian IRICO constitute continuing connected transactions of the Company.

As at the date of this announcement, China Power, CEOVU and CESE3 are subsidiaries of CEC, and are associates of CEC and connected persons of the Company under the Listing Rules. Accordingly, each of the China Power Master Purchase Agreement, the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement entered into between the Company and China Power, CEOVU and CESE3 and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and Independent Shareholders' approval requirements (where applicable) before the existing annual cap is exceeded. Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the revised proposed annual caps under the Zhongdian IRICO Master Purchase Agreement is/are more than 5%, the revision of proposed annual caps under the Zhongdian IRICO Master Purchase Agreement are subject to the reporting, announcement, annual review, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and Independent Shareholders' approval requirements (where applicable) before the existing annual cap is exceeded. Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the revision of proposed annual caps under the China Power Master Purchase Agreement is/are more than 0.1% but less than 5%, the revised proposed annual caps under the China Power Master Purchase Agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the circular and Independent Shareholders' approval requirements.

Since the applicable percentage ratios for the highest proposed annual caps for each of the three years ending 31 December 2024 in respect of the continuing connected transactions contemplated under each of the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under each of the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the circular and Independent Shareholders' approval requirements.

A circular containing, among other things, (i) details of the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement; (ii) the advice and recommendation of the Independent Board Committee and the independent financial adviser in respect of the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement; and (iii) the notice of the EGM will be despatched to the Shareholders on or before 6 October 2022 to allow sufficient time for preparing the relevant information for the inclusion in the circular.

References are made to:

- (1) the announcement of the Company dated 26 October 2021, in relation to, among other things, (i) the Zhongdian IRICO Master Purchase Agreement entered into between the Company and Zhongdian IRICO on 26 October 2021 in respect of the purchase of raw materials for solar photovoltaic business, production line facilities and installation services, kinetic operation and maintenance services, medical examination services and others by the Group from Zhongdian IRICO and its associates; and (ii) the China Power Master Purchase Agreement entered into between the Company and China Power on 26 October 2021 in respect of the purchase of intelligent facility systems for solar photovoltaic production and ancillary services and others by the Group from China Power and its associates (the “**Purchase Agreements Announcement**”);
- (2) the circular of the Company dated 15 December 2021, in relation to, among other things, the entering into of the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (the “**Circular**”); and
- (3) the announcement of the Company dated 31 December 2021, in relation to the approval from the Shareholders in respect of the entering into of the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder at the extraordinary general meeting of the Company held on 31 December 2021.

A. REVISION TO THE EXISTING ANNUAL CAPS UNDER THE ZHONGDIAN IRICO MASTER PURCHASE AGREEMENT

As disclosed in the Purchase Agreements Announcement and the Circular, the purchases under the Zhongdian IRICO Master Purchase Agreement were originally and primarily for furnace and supporting production lines of photovoltaic glass bases of the Company. In particular, as disclosed in the Circular, as of the date of the Circular, due to the completion of the constructions of the IRICO Xianyang ultra-thin and high-transmissivity photoelectric glass project (the “**Xianyang Project**”) in 2023 and the IRICO Shangrao ultra-thin and high-transmissivity photovoltaic glass project (the “**Shangrao Project**”) in 2024, the Company originally expected there would be a decrease in demand for the materials and services provided by Zhongdian IRICO in 2024 and therefore the existing annual cap for the year ending 31 December 2024 has been set at a correspondingly lower level as compared with the previous two years.

To accommodate the production capacity expansion and business development of the Company, the Company intended to increase the existing annual caps under the Zhongdian IRICO Master Purchase Agreement, mainly used for the daily maintenance of the furnace of the Group and the upgrading of the production lines, the construction of furnace of the Shangrao Project, the production line facilities and installation services, the kinetic operation and maintenance services and other services.

The Company proposed the revision of the existing annual caps for the transactions under the Zhongdian IRICO Master Purchase Agreement for the three years ending 31 December 2022, 2023 and 2024 as follows:

	Proposed annual caps		
	For the year ending 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Existing annual caps	184,902	246,156	234,103
Upward adjustment of annual caps	150,000	221,000	281,000
Revised proposed annual caps	334,902	467,156	515,103

Save for the revision of the proposed annual caps, all other terms of the Zhongdian IRICO Master Purchase Agreement as disclosed in the Purchase Agreements Announcement and the Circular remain unchanged.

Pricing policy

The terms for the purchase of raw materials for solar photovoltaic business, production line facilities and installation services, kinetic operation and maintenance services, medical examination services and others under the Zhongdian IRICO Master Purchase Agreement have not been varied or revised in any way and the principal terms thereof (including the pricing policy) are set out in the paragraph headed “LETTER FROM THE BOARD – II. THE CONTINUING CONNECTED TRANSACTION AGREEMENTS – 2. ZHONGDIAN IRICO MASTER PURCHASE AGREEMENT – B. Major Terms of Zhongdian IRICO Master Purchase Agreement” in the Circular. For details, please refer to the Circular.

Historical transaction amount

Based on the latest unaudited management accounts and operating information of the Group, the historical amount of the transactions under the Zhongdian IRICO Master Purchase Agreement for the six months ended 30 June 2022 was approximately RMB19,929,000 (unaudited) and did not exceed the existing annual cap for the year ending 31 December 2022 (i.e. approximately RMB184,902,000).

Reasons for and benefits of revision of the existing annual caps

As disclosed in the Purchase Agreements Announcement and the Circular, the Company and Zhongdian IRICO have established a long-term relationship, and understand the planning of business operations, quality control as well as certain specific requirements of each other. In addition, the purchase of products by the Company from Zhongdian IRICO will help to reduce the management and operational costs of the Company due to the close proximity between them. The bulk purchase and sales of products/services are also economically beneficial to both the Company and Zhongdian IRICO. Meanwhile, Zhongdian IRICO possesses a number of national patents and has a professional team for the complete supply chain of electronic glass and smart manufacturing in the PRC and has the capacity to undertake large-scale construction projects such as the overall design and construction of electronic glass production lines and the integration of automated equipment systems for photovoltaic production lines, and can provide services to the Company for a series of construction projects proposed to be launched by the Company.

Having considered the above reasons and the needs of the Company for its production capacity expansion and business development, the Directors (excluding the independent non-executive Directors, who will express their opinions on the revised proposed annual caps under the Zhongdian IRICO Master Purchase Agreement after obtaining the advice and recommendation from the independent financial adviser) consider that the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Jiang Lei, an executive Director of the Company, by virtue of his senior position in IRICO Group, may be deemed to have material interests in the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement and shall therefore abstain from voting on the Board resolution approving the revised proposed annual caps under the Zhongdian IRICO Master Purchase Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, no other Directors have material interests in the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement and therefore, no other Directors have abstained from voting on the approval of the relevant resolution in respect of the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement.

EGM

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement. The Independent Board Committee comprising independent non-executive Directors will be formed by the Company to advise the Independent Shareholders in respect of the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the above in accordance with the Listing Rules.

A circular containing, among other things, (i) details of the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement; (ii) the advice and recommendation of the Independent Board Committee and the independent financial adviser in respect of the revision of the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement; and (iii) the notice of the EGM will be despatched to the Shareholders on or before 6 October 2022 to allow sufficient time for preparing the relevant information for the inclusion in the Circular.

B. REVISION OF THE EXISTING ANNUAL CAPS UNDER THE CHINA POWER MASTER PURCHASE AGREEMENT

As disclosed in the Purchase Agreements Announcement, the existing annual caps under the China Power Master Purchase Agreement were determined primarily based on the quantity of intelligent facility system to be purchased according to the construction progress of the Xianyang Project of the Company. In view of the Group's intention to accelerate its furnace construction projects, the Group expects a significant increase in its demand for intelligent facility system required for solar photovoltaic production and ancillary services.

In view of the above, the Company proposed the revision of the existing annual caps for the transactions under the China Power Master Purchase Agreement for the three years ending 31 December 2022, 2023 and 2024 as follows:

	Proposed annual caps		
	For the year ending 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Existing annual caps	2,700	-	4,000
Upward adjustment of annual caps	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Revised proposed annual caps	<u>22,700</u>	<u>20,000</u>	<u>24,000</u>

Save for the revision of the proposed annual caps, all other terms of the China Power Master Purchase Agreement as disclosed in the Purchase Agreements Announcement remain unchanged.

Pricing policy

The terms for the purchase of intelligent facility systems for solar photovoltaic production and ancillary services and others under the China Power Master Purchase Agreement have not been varied or revised in any way and the principal terms thereof (including the pricing policy) are set out in the paragraph headed "3. CHINA POWER MASTER PURCHASE AGREEMENT – II. Major Terms of China Power Master Purchase Agreement" in the Purchase Agreements Announcement. For details, please refer to the Purchase Agreements Announcement.

Historical transaction amount

Based on the latest unaudited management accounts and operating information of the Group, the historical amount of the transactions under the China Power Master Purchase Agreement for the six months ended 30 June 2022 was RMB0 (unaudited) and did not exceed the existing annual cap for the year ending 31 December 2022 (i.e. approximately RMB2,700,000).

Reasons for and benefits of the revision of the existing annual caps

China Power is a subsidiary of CEC, a wholly state-owned conglomerate, and a leading provider of intelligent manufacturing system solutions in the PRC. The Company and China Power have established good business relationship since the entering into of the China Power Master Purchase Agreement, and understand the planning of business operations, quality control as well as certain specific requirements of each other.

In addition, as the Group intends to accelerate its furnace construction projects, the Group expects a significant increase in its demand for intelligent facility system required for solar photovoltaic production and ancillary services, and therefore the revision to the existing annual caps under the China Power Master Purchase Agreement is needed.

Having considered the above reasons and the needs of the Company for business development and expansion, the Directors (including the independent non-executive Directors) consider that the revision of proposed annual caps under the China Power Master Purchase Agreement are entered into on normal commercial terms or on terms no less favourable to the Company than those available to or from independent third parties, and are entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Director has a material interest in the transactions contemplated under the China Power Master Purchase Agreement and accordingly, no Director has abstained from voting on approval of the relevant resolution in respect of the revision of the proposed annual caps under the China Power Master Purchase Agreement.

C. ENTERING INTO OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE CEOVU MASTER PURCHASE AGREEMENT

On 31 August 2022, the Company entered into the CEOVU Master Purchase Agreement with CEOVU to regulate the purchase of office building and factory renovation services and its related ancillary services from CEOVU, its subsidiaries and/or its associates for the three years ending 31 December 2024.

Major terms of the CEOVU Master Purchase Agreement

Date: 31 August 2022

Parties: (i) the Company; and
(ii) CEOVU

Term: Commencing from the signing date of the CEOVU Master Purchase Agreement and ending on 31 December 2024. Either party shall not unilaterally terminate the CEOVU Master Purchase Agreement without written consent of the other party.

Nature of transactions: The Group shall purchase office building and factory renovation services and its related ancillary services from CEOVU, its subsidiaries and/or its associates.

Pricing policy: The prices for office building and factory renovation services and its related ancillary services shall be determined in accordance with the Market Price (as defined below).

“Market Price” shall be determined in accordance with the following order: (i) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the provision or procurement of the same or similar type of services in the provision or procurement places or its nearby regions; or (ii) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the provision or procurement of the same or similar type of services in the PRC.

Upon receipt of quotations from CEOVU, the designated persons of the Company and its subsidiaries (namely, the business planning executives, who are primarily responsible for the examination and approval of the procurement plans and the execution of purchase contracts) will ascertain the prices offered or charged by independent third parties, generally by way of obtaining quotations for a comparable volume of same or similar category of services from at least two independent third parties via emails, fax, phone or tenders by publishing tender notice via various media resources (for instance, the local newspapers), and take the integrated consideration value of such quotations as the Market Price. The price of services will be reviewed by the procurement department of the Company and its subsidiaries and submitted to the head of department for approval.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interests of the Shareholders.

Payment term:

The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by both parties) shall be determined based on the principles, instructions, conditions and terms of the CEOVU Master Purchase Agreement and set out in the specific purchase agreements to be entered into by both parties.

The payment terms shall be no less favourable than the Market Price offered by independent third parties.

Other major terms:

The parties shall enter into specific purchase agreements for each specific transaction from time to time as necessary in accordance with the provisions of the CEOVU Master Purchase Agreement and ensure compliance with the principles of the CEOVU Master Purchase Agreement and relevant laws and regulations where the Company is listed (including but not limited to the Listing Rules), and the specific purchase agreements shall set out the specific services, quality requirements, prices, periods, payment terms and other specific terms.

As the specific purchase agreements are simply to further the elaborations on the transactions contemplated under the CEOVU Master Purchase Agreement, they do not constitute new categories of connected transactions.

Proposed annual caps and basis for the proposed annual caps of the continuing connected transactions under the CEOVU Master Purchase Agreement

	Proposed annual caps		
	For the period from 31 August 2022 to 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Proposed annual caps	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

The proposed annual caps for the continuing connected transactions under the CEOVU Master Purchase Agreement have been determined primarily based on the following factors:

- (i) the Group expects to increase the demand for office building and factory renovation services and its related ancillary services as it accelerates furnace construction project; and
- (ii) the Company currently estimates that the market prices of the aforesaid services in paragraph (i) will remain stable.

Reasons for and benefits of entering into of the continuing connected transactions under the CEOVU Master Purchase Agreement

CEOVU has been engaged in the development of thematic industrial parks and related businesses for many years. Its shares are listed on the Main Board of the Stock Exchange and it is responsible for the construction and operation of various industrial park projects in China. Its subsidiary has been ranked among the “Top 10 Construction and Decoration Enterprises in Hubei Province” for consecutive years and is a leading provider of overall decoration solutions and system services in the industry. The experience of CEOVU in office buildings and factory renovation and its related ancillary services can provide comprehensive services and bring benefits to the Company’s proposed construction projects.

Having considered the above reasons and the business needs of the Company for development and expansion, the Directors (including the independent non-executive Directors) consider that the CEOVU Master Purchase Agreement and the transactions contemplated thereunder (including its proposed annual caps) are conducted on normal commercial terms or on terms no less favourable to the Company than those available to or from independent third parties, and are entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director has a material interest in the transactions contemplated under the CEOVU Master Purchase Agreement and accordingly, no Director has abstained from voting on approval of the relevant resolution in respect of the entering into of the CEOVU Master Purchase Agreement and the transactions contemplated thereunder.

D. ENTERING INTO OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE CESE3 MASTER PURCHASE AGREEMENT

On 31 August 2022, the Company entered into the CESE3 Master Purchase Agreement with CESE3 to regulate the purchase of heating, ventilation and air conditioning facilities and the procurement and installation of facilities and services and its related ancillary services for its solar photovoltaic production from CESE3 and/or its associates for the three years ending 31 December 2024.

Major terms of the CESE3 Master Purchase Agreement

Date: 31 August 2022

Parties: (i) the Company; and
(ii) CESE3

Term: Commencing from the signing date of the CESE3 Master Purchase Agreement and ending on 31 December 2024. Either party shall not unilaterally terminate the CESE3 Master Purchase Agreement without written consent of the other party.

Nature of transactions: The Group shall purchase heating, ventilation and air conditioning facilities and the procurement and installation of facilities and services and its related ancillary services for its solar photovoltaic production from CESE3 and/or its associates.

Pricing policy:

The prices for heating, ventilation and air conditioning facilities and the procurement and installation of facilities and services and its related ancillary services for its solar photovoltaic production shall be determined in accordance with the “Market Price” (as defined below).

“Market Price” shall be determined in accordance with the following order: (i) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the provision or procurement of the same or similar type of services in the provision or procurement places or its nearby regions; or (ii) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the provision or procurement of the same or similar type of services in the PRC.

Upon receipt of quotations from CESE3, the designated persons of the Company and its subsidiaries (namely, the business planning executives, who are primarily responsible for the examination and approval of the procurement plans and the execution of purchase contracts) will ascertain the prices offered or charged by independent third parties, generally by way of obtaining quotations for a comparable volume of same or similar category of services from at least two independent third parties via emails, fax, phone or tenders by publishing tender notice via various media resources (for instance, the local newspapers), and take integrated consideration value of such quotations as the Market Price. The price of services will be reviewed by the procurement department of the Company and its subsidiaries and submitted to the head of department for approval.

The Directors are of the view that such pricing policy is fair and reasonable, on normal commercial terms and not prejudicial to the interests of the Shareholders.

Payment term: The actual settlement price and the method of payment (including payment by way of cash or such other manners as agreed by both parties) shall be determined based on the principles, instructions, conditions and terms of the CESE3 Master Purchase Agreement and set out in the specific purchase agreements to be entered into by both parties.

The payment terms shall be no less favourable than the market term offered by independent third parties.

Other major terms: The parties shall enter into specific purchase agreements for each specific transaction from time to time as necessary in accordance with the provisions of the CESE3 Master Purchase Agreement and ensure compliance with the principles of the CESE3 Master Purchase Agreement and relevant laws and regulations where the Company is listed (including but not limited to the Listing Rules), and the specific purchase agreements shall set out the specific equipment and ancillary services, quality requirements, prices, periods, payment terms and other specific terms.

As the specific purchase agreements are simply to further the elaborations on the transactions contemplated under the CESE3 Master Purchase Agreement, they do not constitute new categories of connected transactions.

Proposed annual caps and basis for the proposed annual caps of the continuing connected transactions under the CESE3 Master Purchase Agreement

	Proposed annual caps		
	For the period from 31 August 2022 to 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Proposed annual caps	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

The proposed annual caps for the continuing connected transactions under the CESE3 Master Purchase Agreement have been determined primarily based on the following factors:

- (i) the Group's expected demand for heating, ventilation and air conditioning facilities and the procurement and installation of facilities and services and its related ancillary services for its solar photovoltaic production as it accelerates the furnace construction projects; and
- (ii) the Company currently estimates that the market prices of the aforesaid equipment and services in paragraph (i) will remain stable.

Reasons for and benefits of the entering into of the continuing connected transactions under the CESE3 Master Purchase Agreement

CESE3 has been engaged in the construction of national key engineering projects for many years and have undertaken the construction of more than 70 national, provincial and ministerial key projects. Their extensive experience in large-scale construction projects can provide comprehensive services and bring benefits to the Group's furnace construction projects.

Having considered the above reasons and the business needs of the Company for development and expansion, the Directors (including the independent non-executive Directors) consider that the CESE3 Master Purchase Agreement and the transactions contemplated thereunder (including its proposed annual caps) are conducted on normal commercial terms or on terms no less favourable to the Company than those available to or from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director has a material interest in the transactions contemplated under the CESE3 Master Purchase Agreement and accordingly, no Director has abstained from voting on the approval of the relevant resolution in respect of the entering into of the CESE3 Master Purchase Agreement and the transactions contemplated thereunder.

Listing Rules implications

As at the date of this announcement, CEC and IRICO Group are controlling Shareholders of the Company, holding approximately 74.91% of the issued share capital of the Company, and are connected persons of the Company. Zhongdian IRICO is held as to 72.08% and 27.92% by CEC and IRICO Group, respectively, is an associate of CEC and IRICO Group and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement entered into between the Company and Zhongdian IRICO constitute continuing connected transactions of the Company.

As at the date of this announcement, China Power, CEOVU and CESE3 are subsidiaries of CEC, and are associates of CEC and connected persons of the Company under the Listing Rules. Accordingly, each of the China Power Master Purchase Agreement, the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement entering into between the Company and China Power, CEOVU and CESE3 and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and Independent Shareholders' approval requirements (where applicable) before the existing annual cap is exceeded. Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the revised proposed annual caps under the Zhongdian IRICO Master Purchase Agreement is/are more than 5%, the revision of proposed annual caps under the Zhongdian IRICO Master Purchase Agreement are subject to the reporting, announcement, annual review, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and Independent Shareholders' approval requirements (where applicable) before the existing annual cap is exceeded. Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the revision of proposed annual caps under the China Power Master Purchase Agreement is/are more than 0.1% but less than 5%, the revised proposed annual caps under the China Power Master Purchase Agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the circular and Independent Shareholders' approval requirements.

Since the applicable percentage ratios for the highest proposed annual caps for each of the three years ending 31 December 2024 in respect of the continuing connected transactions contemplated under each of the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under each of the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the circular and Independent Shareholders' approval requirements.

INTERNAL CONTROL MEASURES ON THE CONTINUING CONNECTED TRANSACTIONS

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has put in place internal approval and monitoring procedures relating to the continuing connected transactions, which include the following:

- (1) The business planning executives will be responsible for the pricing management and will guide various departments and units to establish the procedures and mechanism of professional price management, so as to ensure that the pricing standard is fair and reasonable, and conforms with the market principle. Market prices will be obtained through, among other things, open tenders/quotations from independent third party suppliers and service providers, recent transaction prices of the Company with independent third parties, pricing information obtained through subscription service and researches on industry websites. The market price information will be circulated by the procurement department to other departments of the Company to enable them to determine the prices for the continuing connected transactions.
- (2) The Company will regularly review the transactions entered into with each of Zhongdian IRICO, China Power, CEOVU and CESE3 to identify any transactions that may be at risk of exceeding the annual cap and any measures to be introduced in response to such transactions. In the event that the transaction amount reaches 80% of the annual cap at any point of the year, the management would seek advice from the audit committee of the Company and the Board would consider follow-up measures, including making announcements and seeking Independent Shareholders' approval for the increase in the annual cap (where applicable).

- (3) The Company has formulated a series of internal measures and policies to ensure that the continuing connected transactions will be carried out in accordance with the terms of each of the Zhongdian IRICO Master Purchase Agreement, the China Power Master Purchase Agreement, the CEOVU Master Purchase Agreement and the CESE3 Master Purchase Agreement and the above pricing principles.
- (4) The independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the continuing connected transactions every year in accordance with the requirements of the Listing Rules.

INFORMATION ON THE PARTIES TO EACH OF THE PURCHASE AGREEMENTS

The Company

The Company is principally engaged in the research and development, production and sales of solar photovoltaic glass.

Zhongdian IRICO

Zhongdian IRICO is principally engaged in the research and development, service and transfer of electronic information technology, industrial investment and assets operation management services, property investment and property operation management services.

China Power

China Power is principally engaged in information system integration services; artificial intelligence applications; development of application software and medical device technology; supply chain management and services; information system engineering consultation etc.

CEOVU

CEOVU is principally engaged in industrial park development services, industrial park operation services (including design and construction services, property management services, leasing services, energy services, digital park (apartment) services, incubator and office sharing services, industrial park financial services as well as group catering and hotel services etc.), and industrial investment (industrial investment business related to the industries of various theme parks).

CESE3

CESE3 is principally engaged in building intelligent system design; construction engineering design; civil defense design; renovation and repair of special equipment installation; general contracting of housing construction and municipal infrastructure projects; various project construction activities; intelligent building project construction; construction of fire-fighting facilities; construction labour subcontracting; installation, repair and testing of electricity facilities; electricity generation, transmission and supply business; import and export of goods; technology import and export, etc.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CEC”	China Electronics Corporation* (中國電子信息產業集團有限公司), a wholly state-owned company established in the PRC with limited liability and the ultimate controlling Shareholder of the Company holding approximately 74.91% of the issued share capital of the Company through IRICO Group and its subsidiaries, Rui Bou Electronics (HK) Limited, Zhongdian Financial Investment and Zhongdian IRICO, as at the date of this announcement
“China Power”	China Power Industrial Internet Co., Ltd.* (中電工業互聯網有限公司), a company established in the PRC with limited liability, which is a subsidiary of CEC and a connected person of the Company
“China Power Master Purchase Agreement”	the master purchase agreement dated 26 October 2021 entered into between the Company and China Power in respect of the purchase of intelligent facility systems by the Group from China Power and its associates
“CEOVU”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 798), and a connected person of the Company

“CEOVU Master Purchase Agreement”	the master purchase agreement dated 31 August 2022 entered into between the Company and CEOVU in respect of the purchase of office building and factory renovation services and its related ancillary services by the Group from CEOVU, its subsidiaries and/or its associates
“CESE3”	China Electronics System Engineering No.3 Construction Co., Ltd.* (中國電子系統工程第三建設有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of CEC and a connected person of the Company
“CESE3 Master Purchase Agreement”	the master purchase agreement dated 31 August 2022 entered into between the Company and CESE3 in respect of the purchase of heating, ventilation and air conditioning facilities and the procurement and installation of facilities and services and its related ancillary services for its solar photovoltaic production by the Group from CESE3 and/or its associates
“Company”	IRICO Group New Energy Company Limited* (彩虹集團新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 0438)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened by the Company to consider and, if thought fit, to approve the revised proposed annual caps under the Zhongdian IRICO Master Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the committee of Directors consisting of Mr. Su Kun, Mr. Li Yong and Ms. Hao Meiping, who are independent non-executive Directors, which will be formed by the Company to advise the Independent Shareholders in respect of the revised proposed annual caps under the Zhongdian IRICO Master Purchase Agreement
“Independent Shareholders”	the Shareholders other than CEC and its associates (including IRICO Group and its subsidiaries, Rui Bou Electronics (HK) Limited, Zhongdian Financial Investment and Zhongdian IRICO) who will abstain from voting on the resolution with respect to the Zhongdian IRICO Master Purchase Agreement and the revised proposed annual caps thereunder
“IRICO Group”	IRICO Group Company Limited* (彩虹集團有限公司), a company incorporated in the PRC with limited liability and the controlling Shareholder of the Company holding, directly and indirectly, approximately 34.43% of the issued share capital of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongdian IRICO”	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司), a company established in the PRC with limited liability which is held as to 72.08% and 27.92% by CEC and IRICO Group respectively as at the date of this announcement and a connected person of the Company

“Zhongdian Financial Investment”	Zhongdian Financial Investment Holdings Co., Ltd.* (中電金投控股有限公司), a company established in the PRC with limited liability and a substantial shareholder of the Company, directly holding approximately 26.17% of the issued share capital of the Company, which is wholly owned by CEC as at the date of this announcement and a connected person of the Company
“Zhongdian IRICO Master Purchase Agreement”	the master purchase agreement dated 26 October 2021 entered into between the Company and Zhongdian IRICO in respect of the purchase of raw materials for solar photovoltaic business, production line facilities and installation services, kinetic operation and maintenance services and medical examination services and others by the Group from Zhongdian IRICO and its associates
“%”	Percent

By order of the Board
IRICO Group New Energy Company Limited*
Tong Xiaofei
Chairman

Shaanxi Province, the PRC
31 August 2022

As at the date of this announcement, the Board consists of Mr. Tong Xiaofei and Mr. Jiang Lei as executive Directors, Mr. Ni Huadong and Mr. Huang Weihong as non-executive Directors, and Mr. Su Kun, Mr. Li Yong and Ms. Hao Meiping as independent non-executive Directors.

* *For identification purpose only*