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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)

**ANNOUNCEMENT ON CONNECTED TRANSACTION
POWER SUPPLY AND DISTRIBUTION EQUIPMENT LEASE
CONTRACT**

The Board announced that on 30 December 2024, Hefei Photovoltaic, a wholly-owned subsidiary of the Company, entered into the Equipment Lease Contract with Industrial Intelligent, pursuant to which Hefei Photovoltaic agreed to lease the Leased Equipment from Industrial Intelligent for a term of three years commencing from 30 December 2024 to 29 December 2027, at a monthly rental of RMB373,946.17 (inclusive of tax).

As at the date of this announcement, Zhongdian IRICO, which directly holds approximately 14.30% of the issued share capital of the Company, is a substantial Shareholder of the Company, and Industrial Intelligent is a wholly-owned subsidiary of Zhongdian IRICO and is therefore an associate of Zhongdian IRICO and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Equipment Lease Contract entered into between Hefei Photovoltaic, a wholly-owned subsidiary of the Company, and Industrial Intelligent constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Equipment Lease Contract exceeds 0.1% but is less than 5%, the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board announced that on 30 December 2024, Hefei Photovoltaic, a wholly-owned subsidiary of the Company, entered into the Equipment Lease Contract with Industrial Intelligent, pursuant to which Hefei Photovoltaic agreed to lease the Leased Equipment from Industrial Intelligent for a term of three years commencing from 30 December 2024 to 29 December 2027, at a monthly rental of RMB373,946.17 (inclusive of tax).

II. EQUIPMENT LEASE CONTRACT

The main contents of the Equipment Lease Contract are set out below:

Date: 30 December 2024

Parties: Hefei Photovoltaic (as lessee); and
Industrial Intelligent (as lessor)

Content and purpose
of the Leased Equipment: Under the Equipment Lease Contract, the power supply and distribution equipment (the “**Leased Equipment**”) leased by Hefei Photovoltaic from Industrial Intelligent mainly includes: 110kV GIS equipment, main transformers, integrated automation systems, high-voltage switch cabinets, dry-type transformers, ring main units, power cables and complete sets of capacitors, etc.

The Leased Equipment is used for the power supply and distribution of Hefei Photovoltaic’s kilns, production lines and other electrical equipment and facilities, and Hefei Photovoltaic shall not change the use of the Leased Equipment during the period of performance of the Equipment Lease Contract (the “**Contract Performance Period**”) without the written consent of Industrial Intelligent.

The Leased Equipment is used in the plant of Hefei Photovoltaic and related areas.

Consideration:	The monthly rent is RMB373,946.17 (inclusive of tax), of which the monthly rent exclusive of tax is RMB330,925.81 at a tax rate of 13%, and the monthly tax is RMB43,020.36. Rent for less than one month shall be calculated by dividing the monthly rent by 30 days and multiplying it by the actual number of days of use.
Payment:	The rent shall be paid on a monthly basis, and Hefei Photovoltaic shall pay the rent to Industrial Intelligent before the 25th of each month, or if the payment date falls on a statutory holiday, the payment shall be made in advance to the last working day before the holiday.
Basis for the consideration:	The monthly rent was determined after arm's length negotiation between the parties taking into account the historical and prevailing market rents for comparable power supply and distribution equipment.
Contract performance period:	The lease term is for three years, commencing from 30 December 2024 to 29 December 2027. Upon expiry of the lease term, if Hefei Photovoltaic needs to continue the lease, it shall negotiate with Industrial Intelligent to renew the contract and complete the renewal procedures within 30 days prior to the expiry of the Contract Performance Period, otherwise Industrial Intelligent has the right to make other arrangements for the Leased Equipment.

Other major terms:

(i) Delivery and return of the Leased Equipment:

- (a) The handover date of the Leased Equipment is consistent with the lease commencement date, and Industrial Intelligent needs to confirm the acceptance of the Leased Equipment together with Hefei Photovoltaic to ensure that the Leased Equipment is in good condition and suitable for the normal use;
- (b) When Hefei Photovoltaic returns the Leased Equipment, Hefei Photovoltaic shall work with Industrial Intelligent to conduct an inspection and acceptance of the Leased Equipment. Hefei Photovoltaic shall ensure that the Leased Equipment is in good condition and meets the conditions for normal use. If there is any damage, Hefei Photovoltaic shall be responsible for repairing it, and Hefei Photovoltaic shall be responsible for compensation if it cannot be repaired (save for normal wear and tear); and
- (c) Upon expiry of the lease term or termination of the Equipment Lease Contract, Hefei Photovoltaic shall return the Leased Equipment.

- (ii) Use, repair and maintenance of the Leased Equipment
 - (a) All expenses incurred for the Leased Equipment during the lease term shall be borne by Hefei Photovoltaic;
 - (b) The repair, inspection and corresponding expenses of the Leased Equipment shall be borne by Hefei Photovoltaic;
 - (c) Hefei Photovoltaic must use the Leased Equipment in strict accordance with the requirements of the national and industry specifications, and conduct regular inspections and repairs to prevent the emergence of potential safety hazards. In case of damage or malfunction of the Leased Equipment, Hefei Photovoltaic shall be responsible for repair or compensation, and the normal wear and tear of the Leased Equipment is not included;
 - (d) Hefei Photovoltaic is required to obtain the consent of Industrial Intelligent in advance for the upgrading and modification of the Leased Equipment, and the cost of the upgrade shall be borne by Hefei Photovoltaic. Upon expiry of the lease term or termination of the Equipment Lease Contract, Hefei Photovoltaic is required to return the Leased Equipment or return the upgraded equipment with corresponding functions, and if the upgraded equipment is composed of non-separable parts of the Leased Equipment, Industrial Intelligent shall be responsible for the cost of upgrading the Leased Equipment;

- (e) During the lease term, Hefei Photovoltaic shall be responsible for fire safety, comprehensive management and security protection in accordance with the relevant regulations, and Hefei Photovoltaic shall bear full responsibility if any loss of the Leased Equipment is caused by Hefei Photovoltaic during the lease term; and
 - (f) The Leased Equipment provided by Industrial Intelligent shall meet the normal usage requirements of Hefei Photovoltaic. Hefei Photovoltaic shall be entitled to return part of the Leased Equipment at any time if the equipment cannot meet its needs due to production or issues of the Leased Equipment, and the leasing fee shall be adjusted in the following month.
- (iii) Termination of the Equipment Lease Contract
 - (a) The Equipment Lease Contract can be terminated by mutual agreement between the contracting parties;
 - (b) If the Equipment Lease Contract cannot be continued due to force majeure, the Equipment Lease Contract shall be terminated automatically;
 - (c) Industrial Intelligent shall have the right to terminate the contract if Hefei Photovoltaic has any of the following acts and causes losses to Industrial Intelligent: subleasing or subletting the Leased Equipment to a third party without authorisation; transferring, lending or exchanging of the Leased Equipment without authorisation; dismantling or altering the structure of the Leased Equipment or changing the use of the Leased Equipment without authorisation; and overdue payment of rent for three months; and

(d) Hefei Photovoltaic shall have the right to terminate the contract if Industrial Intelligent has any of the following acts and causes losses to Hefei Photovoltaic: the Leased Equipment is unusable by Hefei Photovoltaic due to property rights reasons; and during the Contract Performance Period, Industrial Intelligent transfers or leases the Leased Equipment to others without authorisation.

(iv) The Equipment Lease Contract shall be effective upon being signed and sealed by both parties.

III. ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

Pursuant to the China Accounting Standard for Business Enterprises No.21 – Leases (the “CASBE No.21”), the Company will recognise a right-of-use asset on its balance sheet in respect of the Lease Equipment leased from Industrial Intelligent. Accordingly, the leasing of the Lease Equipment from Industrial Intelligent under the Equipment Lease Contract will be treated as an acquisition of a capital asset and a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to CASBE No.21, the right-of-use asset relating to the Lease Equipment under the Equipment Lease Contract will be recognised in the consolidated financial statements of the Group with a value of approximately RMB11,412,145.42 (unaudited).

IV. GENERAL INFORMATION

(i) The Company

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

(ii) Hefei Photovoltaic

Hefei Photovoltaic is a wholly-owned subsidiary of the Company and is principally engaged in the investment and development of new energy industries and solar power projects, the research and development, production and sales of solar photovoltaic glass, tempered glass and coated glass and technology development of related products, the construction and operation of solar power stations, etc.

(iii) Industrial Intelligent

Industrial Intelligent is a wholly-owned subsidiary of Zhongdian IRICO, and Zhongdian IRICO is directly owned as to 72.08% and 27.92% by China Electronics Corporation Limited (which is a non-wholly owned subsidiary of China Electronics Corporation* (中國電子信息產業集團有限公司) (a wholly state-owned enterprise) (“CEC”) and is directly held as to approximately 81.66% by CEC, and as at the date of this announcement, there is no other shareholder who holds more than 10% of the equity interest in China Electronics Corporation Limited) and IRICO Group Company Limited* (彩虹集團有限公司) (which is wholly owned by China Electronics Corporation Limited), respectively.

CEC is principally engaged in the scientific research, development, design, manufacture and product ancillary sales of electronic raw materials, electronic devices and components, electronic instruments and meters, complete sets of electronic products, electronic application products and systems, special electronic equipment, auxiliary products and software; general contracting and organization and management of electronic application system projects, construction projects, communication projects and water treatment projects.

Industrial Intelligent is principally engaged in the manufacturing of intelligent basic manufacturing equipment, integration of intelligent control systems, sales of intelligent power transmission, distribution and control equipment, software development, manufacturing of ovens, furnaces and electric furnaces, general equipment manufacturing (excluding manufacturing of special equipment), specialised equipment manufacturing (excluding licensed professional equipment manufacturing), manufacturing of electronic special equipment, sales of electronic components and electromechanical components, foreign contracting projects, engineering and technical services and machinery and equipment leasing, etc.

V. REASONS FOR AND BENEFITS OF THE EQUIPMENT LEASE CONTRACT

The Board is of the view that the entering into of the Equipment Lease Contract is necessary for the actual operation of Hefei Photovoltaic, which can effectively guarantee the safe and stable supply of power to Hefei Photovoltaic, and will have a positive effect on the Company in terms of cost reduction and efficiency.

The Board (including the independent non-executive Directors) considers that the terms and conditions of the Equipment Lease Contract are fair and reasonable and the transaction under the Equipment Lease Contract is on normal commercial terms in the ordinary and usual course of business of Hefei Photovoltaic and is in the interests of Hefei Photovoltaic, the Company and the Shareholders as a whole.

VI. LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhongdian IRICO, which directly holds approximately 14.30% of the issued share capital of the Company, is a substantial Shareholder of the Company, and Industrial Intelligent is a wholly-owned subsidiary of Zhongdian IRICO and is therefore an associate of Zhongdian IRICO and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Equipment Lease Contract entered into between Hefei Photovoltaic, a wholly-owned subsidiary of the Company, and Industrial Intelligent constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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At the Board meeting for the purpose of approving the Equipment Lease Contract and the transaction contemplated thereunder, certain Directors, namely Ms. Yang Hua, Mr. Fang Zhongxi and Mr. Wang Dong, may be deemed to have material interests in the Equipment Lease Contract by virtue of their respective senior positions in IRICO Group Company Limited*. Accordingly, they have abstained from voting on the Board resolution approving the Equipment Lease Contract and the transaction contemplated thereunder. Save as aforesaid, none of the Directors has a material interest in the Equipment Lease Contract and the transaction contemplated thereunder or has abstained from voting on such Board resolution.

VII. DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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 to it under the Listing Rules
“Directors(s)”	the director(s) of the Company
“Equipment Lease Contract”	the Power Supply and Distribution Equipment Lease Contract (《供配電設備租賃合同》) dated 30 December 2024 entered into between Hefei Photovoltaic and Industrial Intelligent in respect of the lease of the power supply and distribution equipment from Industrial Intelligent by Hefei Photovoltaic
“Group”	the Company and its subsidiaries
“Hefei Photovoltaic”	IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司), a limited liability company incorporated in the PRC, is a wholly-owned subsidiary of the Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Industrial Intelligent”	Shaanxi Rainbow Industrial Intelligent Technology Co., Ltd.* (陝西彩虹工業智能科技有限公司), a limited liability company incorporated in the PRC, is a wholly-owned subsidiary of Zhongdian IRICO and a connected person 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, 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 the PRC
“Shareholder(s)”	the shareholder(s) 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 and a substantial shareholder of the Company, directly holding approximately 14.30% of the issued share capital of the Company as at the date of this announcement and a connected person of the Company
“%”	per cent

By order of the Board
IRICO Group New Energy Company Limited*
Yang Hua
Chairlady

Shaanxi Province, the PRC
30 December 2024

As at the date of this announcement, the Board consists of Ms. Yang Hua and Mr. Ma Zhibin as executive directors, Mr. Fang Zhongxi and Mr. Wang Dong as non-executive directors, and Mr. Su Kun, Mr. Li Yong and Ms. Hao Meiping as independent non-executive directors.

* For identification purpose only