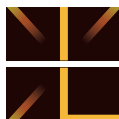


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中電光谷

CEC OPTICS VALLEY

China Electronics Optics Valley Union Holding Company Limited

中電光谷聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 798)

**CONNECTED TRANSACTION
SALE OF INDUSTRIAL BUILDINGS**

The Board is pleased to announce that on 18 October 2019, Western Zhigu, a subsidiary of the Company, entered into the Xianyang Sale and Purchase Agreement with Cailian Metal, pursuant to which Cailian Metal agreed to purchase, and Western Zhigu agreed to sell, the Industrial Buildings according to the design plans agreed between the parties.

LISTING RULES IMPLICATIONS

Cailian Metal is wholly-owned by 咸陽彩聯包裝材料有限公司 (Xianyang Cailian Packing Materials Co. Limited*), which is in turn held as to 30% by 彩虹集團有限公司 (Caihong Group Co. Limited*), an indirect wholly-owned subsidiary of CEC; while CEC indirectly holds 2,550,000,000 Shares of the Company as at the date of this announcement (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a controlling shareholder of the Company, and Cailian Metal, being CEC's associate, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Xianyang Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company on 18 October 2019 in relation to the Changsha Sale and Purchase. As the Changsha Sale and Purchase and the transactions contemplated under the Xianyang Sale and Purchase Agreement were entered into by the Group with associates of CEC within a 12-month period, the Changsha Sale and Purchase and the transactions contemplated under the Xianyang Sale and Purchase Agreement are required to be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Xianyang

Sale and Purchase Agreement, when aggregated with the Changsha Sale and Purchase, is more than 0.1% but all of the ratios are less than 5%, the transactions contemplated under the Xianyang Sale and Purchase Agreement are therefore subject to the reporting and announcement requirements under the Listing Rules but are exempted from the independent shareholders' approval requirements.

INTRODUCTION

The Board is pleased to announce that on 18 October 2019, Western Zhigu, a subsidiary of the Company, entered into the Xianyang Sale and Purchase Agreement with Cailian Metal, pursuant to which Cailian Metal agreed to purchase and Western Zhigu agreed to sell, the Industrial Buildings according to the design plans agreed between the parties.

THE XIANYANG SALE AND PURCHASE AGREEMENT

A summary of the salient terms of the Xianyang Sale and Purchase Agreement is set out below:

Date: 18 October 2019

Parties: (a) Western Zhigu
(b) Cailian Metal

Subject matter

Pursuant to the Xianyang Sale and Purchase Agreement, Cailian Metal agreed to purchase, and Western Zhigu agreed to sell, the Industrial Buildings according to the design plans agreed between the parties.

The Industrial Buildings comprise of Block A10 and Block A15 of the Western Zhigu Park Project with estimated total gross floor areas of 1,574.28 square metres and 3,395 square metres, respectively. Western Zhigu is the developer of the Western Zhigu Park Project which is currently under development. Completion of the sale and purchase of the Industrial Buildings is expected to take place on or before 30 June 2020.

Payment of consideration

The aggregated consideration of RMB19,877,120 (equivalent to approximately HK\$22,051,677) shall be payable by Cailian Metal to Western Zhigu in the following manner:–

- (1) RMB3,975,424 (equivalent to approximately HK\$4,410,335) (being approximately 20% of the aggregated consideration) shall be paid by Cailian Metal as deposit within 10 calendar days upon the signing of the Xianyang Sale and Purchase Agreement;

- (2) RMB5,963,136 (equivalent to approximately HK\$6,615,503) (being approximately 50% of the aggregated consideration) shall be paid before the completion of the construction of the Industrial Buildings, the exact timing of which will be notified to Cailian Metal by Western Zhigu by way of a written notice; and
- (3) the remaining balance of RMB9,938,560 (equivalent to approximately HK\$11,025,838) (being approximately 30% of the aggregated consideration) shall be settled by way of a bank loan to be obtained by Cailian Metal within 15 calendar days after receiving a notification from Western Zhigu.

Further, if Cailian Metal requests that connection be made to the relevant central air-conditioning system in respect of the Industrial Buildings, an additional connection fee of approximately RMB596,314 (equivalent to approximately HK\$661,551), calculated based on a fee of RMB120 per square metre, will be charged by Western Zhigu.

The consideration was determined based on the complexity of the relevant design plans, the estimated total gross floor area of the Industrial Buildings based on such agreed design plans and the unit price per meter square, which was arrived at after arm's length negotiations among the parties with reference to the current market unit price of other buildings in the proximity that are similar to the Industrial Buildings.

The parties further agreed that, since the consideration was determined, inter alia, based on the currently agreed design plans, it may be adjusted in the event of any discrepancy between the estimated total gross floor area and the actual total gross floor area, which is to be determined upon the full plan inspection of the Industrial Buildings after construction, by a sum representing the price of such gross floor area.

INFORMATION ON CAILIAN METAL AND ITS ULTIMATE BENEFICIAL OWNER

Cailian Metal is a company incorporated in the PRC with limited liability on 8 January 2015, which is wholly owned by 咸陽彩聯包裝材料有限公司 (Xianyang Cailian Packing Materials Co. Limited*), which is held as to 30% by 彩虹集團有限公司 (Caihong Group Co. Limited*), an indirect wholly-owned subsidiary of CEC, which is in turn the controlling shareholder of the Company. Cailian Metal is a metal processing enterprise which is engaged in the integrated production, including stamping of metal parts, design and production of mould and device, cleaning and surface treatment of metal parts. Its business principally involves the production of machinery parts of electronics, aerospace, automobile and other industries.

CEC is committed to establishing itself as a national leader of the network safety and informatisation industry, and regards network safety as its core business and core capacity. Its main business covers network security, new display, integrated circuits, high-tech electronics, information services and other electronic information industry fields featuring national strategy, foundation and guidance. CEC is a state-owned company whose ultimate beneficial owner is the State Council of the PRC.

INFORMATION ON THE GROUP AND WESTERN ZHIGU

Leveraging on the industrial resources of CEC and based on integrated life cycle operation services of the Group, the Group constructed a new industrial medium that is “State enterprise-led and innovated by joint efforts by small, medium and big enterprises” to establish an industrial resource sharing platform that carries new features such as clustered industry, intelligent service and investment networks.

Western Zhigu, a subsidiary held as to 50% by the Company, is a company incorporated in the PRC with limited liability whose principal business is the industrial parks development and design for sale and the provision of property management services in the PRC.

REASONS FOR AND BENEFITS OF THE XIANYANG SALE AND PURCHASE AGREEMENT

The Industrial Buildings comprise of Block A10 and Block A15 of the Western Zhigu Park Project, with an aggregated estimated total gross floor area of 4,969.28 square metres. The Group intends to develop Western Zhigu Park Project (one of the Group’s ongoing development projects) into an industrial park that caters the research and development of emerging industries, especially the electronic information industry.

As engaging in industrial parks development is a principal business of Western Zhigu, and it also provides fair building customisation services to entities with qualifications to purchase buildings (whether or not they are connected with the Group), the transactions contemplated under the Xianyang Sale and Purchase Agreement is in the ordinary course of business of the Group.

In light of the above and having considered the basis of determination of the consideration, the Directors (including the independent non-executive Directors) consider that the terms of the Xianyang Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Cailian Metal is wholly-owned by 咸陽彩聯包裝材料有限公司 (Xianyang Cailian Packing Materials Co. Limited*), which is in turn held as to 30% by 彩虹集團有限公司 (Caihong Group Co. Limited*), an indirect wholly-owned subsidiary of CEC; while CEC indirectly holds 2,550,000,000 Shares of the Company as at the date of this announcement (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a controlling shareholder of the Company, and Cailian Metal, being CEC’s associate, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Xianyang Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company on 18 October 2019 in relation to the Changsha Sale and Purchase. As the Changsha Sale and Purchase and the transactions contemplated under the Xianyang Sale and Purchase Agreement were entered into by the Group with associates of CEC within a 12-month period, the Changsha Sale and Purchase and the transactions contemplated under the Xianyang Sale and Purchase Agreement are required to be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Xianyang Sale and Purchase Agreement, when aggregated with the Changsha Sale and Purchase, is more than 0.1% but all of the ratios are less than 5%, the transactions contemplated under the Xianyang Sale and Purchase Agreement are therefore subject to the reporting and announcement requirements under the Listing Rules but are exempt from the independent shareholders' approval requirements.

Ms. Wang Qiuju and Mr. Xiang Qunxiong (both being non-executive Directors) had abstained from voting on the relevant Board resolutions to approve the Xianyang Sale and Purchase Agreement for the reason of their respective positions in the subsidiaries of CEC. Save as disclosed, no other Directors had any material interest in the Xianyang Sale and Purchase Agreement.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:—

“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cailian Metal”	咸陽彩聯金屬製品有限公司 (Xianyang Cailian Metal Products Co., Ltd.*), a limited liability company established in the PRC and is wholly owned by 咸陽彩聯包裝材料有限公司 (Xianyang Cailian Packing Materials Co. Limited*)
“CEC”	中國電子信息產業集團有限公司 (China Electronics Corporation Limited*), a state-owned company established under the laws of the PRC and a controlling shareholder of the Company
“Changsha Sale and Purchase”	the transactions contemplated under the Changsha Sale and Purchase Agreement, details of which are disclosed in the announcement of the Company on 18 October 2019
“Changsha Sale and Purchase Agreement”	the agreement on the sale and purchase of customised building dated 18 October 2019 entered into between 長沙中電產業園發展有限公司 (Changsha CEC Industrial Park Development Co., Ltd.*) and 深圳市中電電力技術股份有限公司 (CET Electric Technology Inc.), as supplemented by the relevant supplemental agreement

“Company”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Industrial Buildings”	the buildings identified as Block A10 and Block A15 within the Western Zhigu Park Project with estimated total gross floor areas of 1,574.28 square metres and 3,395 square metres respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Western Zhigu”	咸陽中電西部智谷實業有限公司 (Xianyang China Electronics Western Zhigu Industrial Co., Limited*), a limited liability company established in the PRC and is held as to 50% by the Company
“Western Zhigu Park Project”	an industrial park of the Group located on the land lot east to Gaoke San Lu (高科三路), south to Wei Er Lu (緯二路), west to Gaoke Er Lu (高科二路) and north to Xinghuo Avenue (星火大道) in Xianyang High-Tech Industrial Development Zone, Xianyang City, Shaanxi Province, the PRC

“Xianyang Sale and Purchase Agreement” the agreement on the sale and purchase of the Industrial Buildings dated 18 October 2019 entered into between Western Zhigu and Cailian Metal

% per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.1094 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

By Order of the Board
China Electronics Optics Valley Union Holding Company Limited
Huang Liping
Chairman

Wuhan, Hubei, the People’s Republic of China

18 October 2019

As at the date of this announcement, the directors of the Company are Mr. Huang Liping and Mr. Hu Bin as executive Directors; Ms. Wang Qiuju, Mr. Xiang Qunxiong, Mr. Zhang Jie and Ms. Sun Ying as non-executive Directors; Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin as independent non-executive Directors.

* *For identification purpose only*