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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 CONTINUING CONNECTED TRANSACTIONS

On 16 June 2020, the Company entered into the Master Transportation Services Agreement with CETIS to regulate the provision of product transportation services by CETIS to the Company for the two years ending 31 December 2021.

As at the date of this announcement, CETIS is a subsidiary of CEC, and thus an associate of CEC and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Master Transportation Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the proposed annual caps under the Master Transportation Services Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Master Transportation Services Agreement and the proposed annual caps thereof are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. BACKGROUND

On 16 June 2020, the Company entered into the Master Transportation Services Agreement with CETIS to regulate the provision of product transportation services by CETIS to the Company by CETIS for the two years ending 31 December 2021.

II. MASTER TRANSPORTATION SERVICES AGREEMENT

Details of the Master Transportation Services Agreement are set out below:

Date: 16 June 2020

Parties: (i) The Company (as the services recipient); and
(ii) CETIS (as the services provider)

Term: 1 January 2020 to 31 December 2021, subject to early termination by either party by giving at least three months' prior written notice to the other party.

Nature of transactions: CETIS shall provide the product transportation services to the Company.

Pricing policy: The prices for the product transportation services shall be determined in accordance with the market price.

Upon receipt of quotations from CETIS, the investment operating department of the Company and its designated persons 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 type of transportation 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 average of such quotations as the market price.

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

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

The payment terms shall be entered into on market terms which are no less favourable than those available from independent third parties.

Other major terms: The Company and its subsidiaries may enter into specific transportation services agreements with CETIS and its associates in respect of the specific transactions contemplated under the Master Transportation Services Agreement. The specific transportation services agreements shall set out the quantity, price, validity period, product transportation requirements, payment terms, liability for breach of agreement, dispute resolution methods and other related terms, and shall comply with the principles, instructions, conditions and terms of the Master Transportation Services Agreement.

The parties shall procure their respective subsidiaries or associates to, and guarantee that they will, perform the specific transportation services agreements in compliance with the terms and conditions stipulated thereunder.

As the specific transportation services agreements are simply further elaborations on the product transportation services contemplated under the Master Transportation Services Agreement, they do not constitute new categories of connected transactions.

III. HISTORICAL AMOUNTS

The historical amounts for the provision of transportation services by CETIS to the Company for the year ending 31 December 2019 is set out below:

**Historical
amounts
for the
year ending
31 December
2019
(RMB'000)**

Provision of transportation services by CETIS to the Company	1,610
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IV. PROPOSED ANNUAL CAPS AND BASIS FOR THE PROPOSED ANNUAL CAPS

The Directors propose to set the annual caps for the two years ending 31 December 2021 for the continuing connected transactions under the Master Transportation Services Agreement as set out in the table below. The proposed annual caps for the continuing connected transactions contemplated under the Master Transportation Services Agreement have been determined primarily based on the following factors: (i) the expected demands of the Company in transportation services based on its business operations and development plans. The furnace of Yan'an solar photovoltaic glass project of the Company started the production and the output is gradually increasing. Besides, the cold-end production line is in commissioning, and the product quality and conformity rate are in the process of climbing up. The production and sales in 2020 have been significantly improved, and the transportation services required are significantly increased accordingly; (ii) current estimations of the Company on the market prices for transportation services; and (iii) the historical amounts of transportation services received by the Company from CETIS for the year ending 31 December 2019.

Proposed Annual Caps	
For the year ending 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)

Maximum fees payable by the Company to CETIS under the Master Transportation Services Agreement	12,000	12,000
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The Board confirmed that, as at the date of this announcement, the actual fees paid by the Company to CETIS under the Master Transportation Services Agreement was in compliance with the de minimis threshold for exemption as stipulated under the Listing Rules.

V. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Board is of the view that the entering into of the Master Transportation Services Agreement is essential to the normal operations of, and beneficial to, the Company. In forming such view, the Board has taken into account the following factors:

- (i) The Company and CETIS are both subsidiaries of CEC and the Company has established a long-term relationship with CETIS, and CETIS understands the planning of business operations, quality control as well as certain specific requirements of the Company.
- (ii) The prices and terms for the provision of transportation services by CETIS to the Company would be no less favourable than those offered by independent third parties to the Company.
- (iii) CETIS has engaged in the transportation of glass products for a long time and enjoys a good reputation in the industry with sufficient vehicle resources, extensive management experience and strong safety awareness, which enable the timely delivery of products to designated customers.

The Board (including the independent non-executive Directors) considers that (i) the transactions under the Master Transportation Services Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available 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; and (ii) the proposed annual caps for the two years ending 31 December 2021 in respect of the transactions under the Master Transportation Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transactions under the Master Transportation Services Agreement. Therefore, no Director has abstained from voting on the Board resolution approving the Master Transportation Services Agreement and the proposed annual caps for the two years ending 31 December 2021 in respect of the transactions thereunder.

VI. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CETIS is a subsidiary of CEC, and thus an associate of CEC and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Master Transportation Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the proposed annual caps under the Master Transportation Services Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Master Transportation Services Agreement and the proposed annual caps thereof are subject to the reporting, announcement and annual review requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

VII. GENERAL INFORMATION

(i) The Company

The Company is principally engaged in the research, development, production and sales of solar photovoltaic glass, solar cell modules and relevant products, upstream materials of lithium batteries and materials relevant to flat panel display; the construction and operation of solar power plants; and the processing of quartz sands, an upstream material for photovoltaic glass.

(ii) CETIS

CETIS is principally engaged in transportation of valuable goods; non-vessel shipping business; customs declaration; insurance; road cargo transportation; general freight transportation; special cargo transportation (containers, refrigerated storage); transportation of large objects; undertaking of international transportation agency business for imported and exported goods by sea and air transportation, including: cargo collection, booking, transshipment, container packing and unpacking, transportation of international exhibits, settlement of transportation charges, inspection, related short-distance transportation services and consulting services, etc.

(iii) CEC

As at the date of this announcement, CETIS is a subsidiary of CEC. CEC is principally engaged in the research, development, service and transfer of electronic information technology; investment in information industry, real estate industry, commerce and trade business with self-owned capital and assets (non-monetary assets) operation and management services; property management; import and export; purchase and sales of LCD glass substrate, glass products and raw materials, photovoltaic products, components and raw materials, electronic products and raw materials, metal materials, common parts, chemical products (excluding hazardous chemicals), rubber, plastic products, electromechanical equipment (excluding special equipment), paper products, timber, steel, construction materials, coal, mineral products (excluding commodities under special government control), electric wires and cables; storage and logistic services.

VIII. 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 incorporated in the PRC and the ultimate controlling Shareholder of the Company holding approximately 74.05% of the issued share capital of the Company through IRICO Group Company Limited* (彩虹集團有限公司) and its subsidiary, Rui Bou Electronics (HK) Limited, as at the date of this announcement
“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 Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“CETIS”	China Elec-Trans Int’l Service Co., Ltd.* (捷達國際運輸有限公司), a subsidiary of CEC as at the date of this announcement and a connected person of the Company
“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 the Hong Kong Special Administrative Region of the PRC, 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
“Master Transportation Services Agreement”	the master transportation services agreement dated 16 June 2020 entered into between the Company and CETIS in respect of provision of product transportation services by CETIS to the Company

By order of the Board
IRICO Group New Energy Company Limited*
Si Yuncong
Chairman

Shaanxi Province, the PRC
16 June 2020

As at the date of this announcement, the Board of the Company consists of Mr. Si Yuncong and Mr. Tong Xiaofei as executive directors, Mr. Fan Laiying and Mr. Ni Huadong as non-executive directors, and Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive directors.

* For identification purpose only