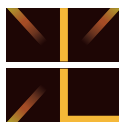


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中电光谷

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

COOPERATION AGREEMENT AND JOINT VENTURE AGREEMENT IN RELATION TO THE FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that on 28 October 2020, the Company entered into a Cooperation Agreement with the Nantong Administrative Committee and IRICO Group. Pursuant to the Cooperation Agreement, CEOVU HK and Hefei OVU, both being indirect wholly-owned subsidiaries of the Company, and IRICO Group, entered into the JV Agreement on 28 October 2020.

Pursuant to the Cooperation Agreement and the JV Agreement, the Company and IRICO Group agreed to form the JV Company, which will be owned by the Group and IRICO Group as to 70% and 30%, respectively. The JV Company will be engaged in the development of the Project, so as to create an intelligent manufacturing eco-industrial park in Nantong City, Jiangsu Province, the PRC.

Further, pursuant to the Cooperation Agreement, depending on the development of the Project, it is further intended that the Company, the Nantong Administrative Committee and IRICO Group shall establish a Fund whose cooperation and management terms shall be negotiated between and determined amongst such parties in the future. It is intended that such Fund will mainly invest in the quality technology enterprises located within the Project.

LISTING RULES IMPLICATIONS

IRICO Group is 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 substantial shareholder of the Company, and IRICO Group, being CEC's associate, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the formation of the JV Company under the Cooperation Agreement and the JV Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio pursuant to the Listing Rules in respect of the formation of the JV Company is more than 0.1% but all of the ratios are less than 5%, the formation of the JV Company as contemplated under the Cooperation Agreement and the JV Agreement is subject to the annual review and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

As the establishment of the Fund and the terms of its establishment are subject to further negotiation, its establishment may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Further announcement(s) in relation to the establishment of the Fund will be made as and when required in compliance with the necessary requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 October 2020, the Company entered into a Cooperation Agreement with the Nantong Administrative Committee and IRICO Group. Pursuant to the Cooperation Agreement, CEOVU HK and Hefei OVU, both being indirect wholly-owned subsidiaries of the Company, and IRICO Group, entered into the JV Agreement on 28 October 2020.

THE COOPERATION AGREEMENT

A summary of the salient terms of the Cooperation Agreement is set out below:

Date: 28 October 2020

Parties:

- (a) the Nantong Administrative Committee
- (b) the Company
- (c) IRICO Group

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Nantong Administrative Committee and its ultimate beneficial owners are Independent Third Parties.

Formation of the JV Company

Pursuant to the Cooperation Agreement, the Company and IRICO Group agreed to form the JV Company.

Further details of the JV Company are set out in the JV Agreement and are disclosed under the section headed “The JV Agreement” in this announcement.

The Project

The JV Company shall undertake the project of developing the intelligent manufacturing eco-industrial park in Chongchuan District (崇川區), Nantong (南通), Jiangsu Province, the PRC (the “**Project**”). The Project has a total planned area of 1,000 mu (畝) (equivalent to approximately 666,670 sq.m.), the first phase of which is approximately 247 mu (equivalent to approximately 164,667.49 sq.m.), locating on the land lot north to Xinsheng Lu (新勝路), east to Shilun Lu (世倫路), west to Panxiang Lu (盤香路), south to Zhongxiu Lu (鐘秀路), Chongchuan District, with an expected total site area of 700 to 800 mu (equivalent to approximately 466,669 to 533,336 sq.m.).

With intelligent manufacturing as its core, the Project is aimed at connecting domestic and foreign digital manufacturing and industrial Internet platforms, focusing on strategic emerging industries such as information industries and high-end equipment manufacturing industries, introducing and cultivating a number of information technology application engineering and digital manufacturing enterprises, and building the industrial park into an influential, well-equipped and sustainable smart manufacturing eco-industry new city in the PRC.

Each Parties’ role under the Cooperation Agreement

The Group, being the holding company of the JV Company, shall be responsible for, *inter alia*, forming a specialised team to operate and manage the JV Company according to the operation and management system of the Group.

Nantong Administrative Committee shall be responsible for, *inter alia*, arranging for public bidding of appropriate land for the construction of the industrial park, coordinating with public utilities to provide support in the JV Company’s development of the Project as well as providing industry support to the JV Company in accordance to the applicable regulations in connection with the construction of the industrial park.

IRICO Group shall be responsible for, *inter alia*, coordinating its subsidiaries and affiliated companies to set up offices within the industrial park, and introducing other well-known domestic and foreign enterprises into such industrial park.

Establishment of the Fund

Pursuant to the Cooperation Agreement, depending on the development of the Project, it is further intended that the Company, Nantong Administrative Committee and IRICO Group shall establish a Fund whose cooperation and management terms shall be negotiated between and determined amongst such parties in the future.

It is intended that the Fund shall mainly invest in the equity interests of quality technology enterprises located within the Project, being the industrial park to be developed by the JV Company.

As the establishment of the Fund and the terms of its establishment (including the contribution amount by each of the Parties) are subject to further negotiation, its establishment may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Termination

The Cooperation Agreement may be terminated in the event, among others, that:

- (a) the land lot provided by the Nantong Administrative Committee is unable to satisfy the requirements as stipulated in the Cooperation Agreement for development of the Project; or
- (b) after obtaining the relevant land use right certificate, the JV Company is unable to commence construction within 90 days from delivery of the relevant land lot.

THE JV AGREEMENT

A summary of the salient terms of the JV Agreement is set out below:

Date: 28 October 2020

Parties:

- (a) CEOVU HK
- (b) Hefei OVU
- (c) IRICO Group

Formation of the JV Company

Pusurant to the JV Agreement, CEOVU HK and Hefei OVU, both being indirect wholly-owned subsidiaries of the Company, and IRICO Group, agreed to form the JV Company.

JV Company

The registered capital of the JV Company shall be RMB200 million (equivalent to approximately HK\$230.68 million). CEOVU HK shall contribute RMB50 million (equivalent to approximately HK\$57.67 million), Hefei OVU shall contribute RMB90 million (equivalent to approximately HK\$103.81 million), and IRICO Group shall contribute RMB60 million (equivalent to approximately HK\$69.20 million), into the registered capital of the JV Company and the JV Company shall be owned as to 25% by CEOVU HK, 45% by Hefei OVU and 30% by IRICO Group.

CEOVU HK, Hefei OVU and IRICO Group shall each pay 50% of their respective capital contributions to the JV Company before 31 December 2020, and shall pay their respective remaining capital contributions to the JV Company in installments before 31 December 2022 as requested in the written notice to be provided by the JV Company according to the capital needs of the JV Company.

The amount of the capital contribution to be injected by the parties into the JV Company was determined after arm's length negotiations among the parties with reference to the JV Company's capital requirements for its future business development and shall be paid in cash. The Group's portion of the capital contribution is expected to be funded by the Group's internal funds.

The JV Company will be held as to 70% by the Group and, accordingly, be accounted for as a subsidiary of the Company.

Management of the JV Company

The board of directors of the JV Company shall consist of three members and shall each be nominated by CEOVU HK, Hefei OVU and IRICO Group. Among the two directors nominated by each of CEOVU HK and Hefei OVU, one shall be the chairman of the board of directors and the legal representative of the JV Company.

The JV Company shall have one supervisor and shall be nominated by Hefei OVU.

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT AND THE JV AGREEMENT

The Directors believe that the Project will contribute to the utilisation of the Company's advantages and experiences in industrial park construction and operation to the full extent, and will also extend the Group's business to the new area of Nantong, China which will further accelerate the layout and resources integration of the Group in the intelligent manufacturing industry. The Project will become an important aspect for the new integration between information and technology and high-end manufacturing business, as well as promoting the upgrade and transformation of the industry in Nantong.

In light of the above, the Board (including the independent non-executive Directors) considers that the terms of the Cooperation Agreement and the JV Agreement and the transactions contemplated thereunder are fair and reasonable and entered into on normal commercial terms or better after arm's length negotiations between the relevant parties, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE GROUP

CEOVU HK is principally engaged in investment holding and is an indirect wholly-owned subsidiary of the Company.

Hefei OVU is principally engaged in development and operation management of industrial parks, park infrastructure construction, fixed asset investment, development, sales and lease of commercial residential building and property management services, housing sales agents, construction projects, etc, and is an indirect wholly-owned subsidiary of the Company.

The Group is an industrial park integrated operation service provider in the PRC. Leveraging on the industrial resources of CEC and based on integrated life cycle operation services of the Group, the Group constructed an 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 features such as clustered industry, intelligent service and investment networks.

INFORMATION ON THE NANTONG ADMINISTRATIVE COMMITTEE AND ITS ULTIMATE BENEFICIAL OWNER

Nantong Administrative Committee is the branch office of Chongchuan District Government of Nantong and the provincial regulatory agency of Nantong Economic and Technological Development Zone. Nantong Administrative Committee is principally engaged in organisation and management of projects construction, land development, city construction and other aspects in Nantong Economic and Technological Development Zone.

The ultimate beneficial owner of Nantong Administrative Committee is Chongchuan District Government of Nantong.

INFORMATION ON IRICO GROUP AND ITS ULTIMATE BENEFICIAL OWNER

IRICO Group, being the controlling shareholder of IRICO Group New Energy Company Limited* (彩虹集團新能源股份有限公司) (stock code: 0438.HK), is principally engaged in research and development, manufacturing and sale of colour display devices, monitors and accessories, electronic parts, electronic vacuum devices, electronic information materials, as well as solar PV cells system integration, etc.

IRICO Group is an indirect wholly-owned subsidiary of CEC, while CEC is a substantial shareholder of the Company and is a state-owned company whose ultimate beneficial owner is the State Council of the PRC. It 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.

LISTING RULES IMPLICATIONS

IRICO Group is 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 substantial shareholder of the Company, and IRICO Group, being CEC's associate, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the formation of the JV Company under the Cooperation Agreement and the JV Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

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As the establishment of the Fund is subject to further negotiation, its establishment may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Further announcement(s) in relation to the establishment of the Fund will be made as and when required in compliance with the necessary requirements under the Listing Rules.

Mr. Xie Qinghua (being an executive Director) and Ms. Wang Qiuju (being a non-executive Director) had abstained from voting on the relevant Board resolutions to approve the Cooperation Agreement and the JV Agreement for the reason of their respective positions in and/or relationship with CEC group. Save as disclosed, no other Directors had any material interest in the Cooperation Agreement and the JV Agreement.

DEFINITIONS

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

“Board”	the board of Directors
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“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 substantial shareholder of the Company
“CEOVU HK”	China Electronics Optics Valley Union Company Limited (formerly known as AAA Finance & Investment Limited), a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Company”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in 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
“Cooperation Agreement”	the cooperation agreement dated 28 October 2020 entered into between the Company, the Nantong Administrative Committee and IRICO Group in respect of the formation of the JV Company and the relevant strategic cooperation
“Directors”	the directors of the Company
“Fund”	a fund proposed to be established by the Company, Nantong Administrative Committee and IRICO Group
“Group”	the Company and its subsidiaries
“Hefei OVU”	合肥光谷聯合發展有限公司 (Hefei Optics Valley Union Development Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“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
“Independent Third Parties”	parties who are not connected persons of the Company and are independent of the Company and its connected persons
“IRICO Group”	彩虹集團有限公司 (formerly known as 彩虹集團公司) (IRICO Group Corporation*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of CEC

“JV Agreement”	the joint venture agreement dated 28 October 2020 entered into between CEOVU HK, Hefei OVU and IRICO Group in respect of the formation of the JV Company
“JV Company”	a limited liability company to be set up by the Group and IRICO Group pursuant to the terms of the Cooperation Agreement and the JV Agreement, the proposed name of which is 南通光谷智能製造有限公司 (Nantong Optics Valley Smart Manufacturing Company Limited*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Company, Nantong Administrative Committee and IRICO Group
“PRC”	the People’s Republic of China
“Project”	has the meaning ascribed to it under the section headed “The Cooperation Agreement – The Project” in this announcement
“Nantong Administrative Committee”	南通市崇川經濟開發區管委會 (Administrative Committee of the Nantong Economic and Technological Development Zone*), being the branch office of Chongchuan District Government of Nantong and the provincial regulatory agency of the Nantong Economic and Technological Development Zone
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.1534 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 Xie Qinghua
Co-chairman

Wuhan, Hubei, the People's Republic of China
28 October 2020

As at the date of this announcement, the directors of the Company are Mr. Huang Liping, Mr. Xie Qinghua and Mr. Hu Bin as executive directors; Ms. Wang Qiuju, Mr. Zhang Jie and Ms. Sun Ying as non-executive directors; Mr. Qi Min, Mr. Qiu Hongsheng and Ms. Chan Ching Har Eliza as independent non-executive directors.

* *For identification purpose only*