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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**

### **(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED DISPOSAL OF EQUITY INTERESTS IN TARGET COMPANIES; AND (2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PURCHASE AGREEMENT**

#### **PROPOSED DISPOSALS**

The Board announced that on 30 October 2020, leveraging on the continued improvement in the prosperity of the photovoltaic industry, in order to optimize the business mode and business structure of the Company, highlight the main business, and strengthen and expand the photovoltaic glass business, the Company (i) entered into the Green Energy Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 100% equity interests in Green Energy at a cash consideration of RMB104,100,000; (ii) entered into the IRICO New Material Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 76.32% equity interests in IRICO New Material at a cash consideration of RMB287,115,800; (iii) entered into the Jiangsu Yongneng Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 51% equity interests in Jiangsu Yongneng at a cash consideration of RMB61,455,000; and (iv) entered into the Zhuhai Caizhu Equity Transfer Agreement with Zhongdian IRICO, pursuant to which the Company agreed to sell, and Zhongdian IRICO agreed to acquire 49% equity interests in Zhuhai Caizhu at a cash consideration of RMB129,418,900.

Upon completion of the Proposed Disposals, the Company will no longer hold any equity interest in Green Energy, IRICO New Material, Jiangsu Yongneng and Zhuhai Caizhu, and each of Green Energy, IRICO New Material and Jiangsu Yongneng will cease to be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Company.

## **PROPOSED PURCHASE**

The Board further announced that on 30 October 2020, Hefei Photovoltaic, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with IRICO Group, pursuant to which IRICO Group agreed to provide Hefei Photovoltaic with system equipment and related services under the project of Hefei Photovoltaic regarding industrialization of ultra-thin and high-transmissivity photoelectric glass and research and development for technical equipment, and the total consideration payable by Hefei Photovoltaic to IRICO Group is approximately RMB290 million.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, IRICO Group is the controlling Shareholder of the Company which directly and indirectly holds approximately 47.16% of the issued share capital of the Company. Zhongdian IRICO, which is directly held as to 72.08% by CEC (the ultimate controlling Shareholder of the Company) and 27.92% by IRICO Group (the controlling Shareholder of the Company), is an associate of CEC and IRICO Group. Therefore, both IRICO Group and Zhongdian IRICO are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Proposed Disposals and the Proposed Purchase constitute connected transactions of the Company.

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, the Proposed Disposals would be calculated on an aggregate basis. As the highest applicable percentage ratio of the Proposed Disposals as calculated on an aggregate basis exceeds 25% but is less than 75%, the Proposed Disposals constitute major and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Proposed Purchase exceeds 5% but is less than 25%, the Proposed Purchase constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EGM**

The Company will convene the EGM for the Independent Shareholders to consider and, if appropriate, to approve the Proposed Disposals and the Proposed Purchase. An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders in respect of the Proposed Disposals and the Proposed Purchase. An Independent Financial Adviser, Octal Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

A circular of the Company containing, among others, (i) details of the Equity Transfer Agreements and the Proposed Disposals thereunder; (ii) details of the Purchase Agreement and the Proposed Purchase thereunder; (iii) the opinion and recommendation of the Independent Board Committee on the Proposed Disposals and the Proposed Purchase; and (iv) the letter of advice from the Independent Financial Adviser to Independent Board Committee and Independent Shareholders, containing its opinion and recommendation on the Proposed Disposals and the Proposed Purchase will be issued by the Company. The circular will be despatched to the Shareholders no later than 10 December 2020 in accordance with Rule 19A.39A of the Listing Rules, because additional time is required to prepare and finalise the information to be included in the circular.

## **I. PROPOSED DISPOSALS**

The Board announced that on 30 October 2020, leveraging on the continued improvement in the prosperity of the photovoltaic industry, in order to optimize the business mode and business structure of the Company, highlight the main business, and strengthen and expand the photovoltaic glass business, the Company (i) entered into the Green Energy Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 100% equity interests in Green Energy at a cash consideration of RMB104,100,000; (ii) entered into the IRICO New Material Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 76.32% equity interests in IRICO New Material at a cash consideration of RMB287,115,800; (iii) entered into the Jiangsu Yongneng Equity Transfer Agreement with IRICO Group, pursuant to which the Company agreed to sell, and IRICO Group agreed to acquire 51% equity interests in Jiangsu Yongneng at a cash consideration of RMB61,455,000; and (iv) entered into the Zhuhai Caizhu Equity Transfer Agreement with Zhongdian IRICO, pursuant to which the Company agreed to sell, and Zhongdian IRICO agreed to acquire 49% equity interests in Zhuhai Caizhu at a cash consideration of RMB129,418,900.

Upon completion of the Proposed Disposals, the Company will no longer hold any equity interest in Green Energy, IRICO New Material, Jiangsu Yongneng and Zhuhai Caizhu, and each of Green Energy, IRICO New Material and Jiangsu Yongneng will cease to be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Company.

## **1. Green Energy Equity Transfer Agreement**

The principal terms of the Green Energy Equity Transfer Agreement are set out as follows:

**Date:** 30 October 2020

**Parties:** (i) the Company, as the vendor; and  
(ii) IRICO Group, as the purchaser

**Assets to be disposed of:** Subject to the terms and conditions of the Green Energy Equity Transfer Agreement, the Company agreed to sell and IRICO Group agreed to acquire 100% equity interests in Green Energy.

**Consideration:** Pursuant to the Green Energy Equity Transfer Agreement, the consideration for the Proposed Disposal of Green Energy is RMB104,100,000.

The consideration was determined based on arm's length negotiations between the Company and IRICO Group with reference to the appraised net assets value of Green Energy as at 31 July 2020 (i.e. the valuation benchmark date) of RMB104,100,000 as set out in the assets valuation report prepared by an independent and duly qualified PRC valuer using the market-based approach. The consideration is calculated by multiplying such appraised net assets value by 100%.

**Payment:** Pursuant to the Green Energy Equity Transfer Agreement, the consideration shall be paid in three instalments:

(i) The first instalment is 50% of the total consideration (i.e. RMB52,050,000), which shall be paid within five business days from the effective date of the Green Energy Equity Transfer Agreement;

(ii) The second instalment is 20% of the total consideration (i.e. RMB20,820,000), which shall be paid before 30 June 2021; and

(iii) The third instalment is the remaining 30% of the total consideration (i.e. RMB31,230,000), which shall be paid before 31 December 2021.

The Company and IRICO Group shall jointly complete the registration of change in equity interests in Green Energy within fifteen business days after the Green Energy Equity Transfer Agreement has become effective.

**Conditions Precedent:** The Green Energy Equity Transfer Agreement shall be concluded upon being duly signed and executed by both parties and shall become effective after the Company has obtained the Independent Shareholders' approval at the EGM.

**Completion:** The Proposed Disposal of the Green Energy shall be completed on the date when IRICO Group makes the full payment of the first instalment (i.e. RMB52,050,000).

## **2. IRICO New Material Equity Transfer Agreement**

The principal terms of the IRICO New Material Equity Transfer Agreement are set out as follows:

**Date:** 30 October 2020

**Parties:**

- (i) the Company, as the vendor; and
- (ii) IRICO Group, as the purchaser

**Assets to be disposed of:** Subject to the terms and conditions of the IRICO New Material Equity Transfer Agreement, the Company agreed to sell and IRICO Group agreed to acquire 76.32% equity interests in IRICO New Material.

**Consideration:**

Pursuant to the IRICO New Material Equity Transfer Agreement, the consideration for the Proposed Disposal of IRICO New Material is RMB287,115,800.

The consideration was determined based on arm's length negotiations between the Company and IRICO Group with reference to the appraised net assets value of IRICO New Material as at 31 July 2020 (i.e. the valuation benchmark date) of RMB376,200,000 as set out in the assets valuation report prepared by an independent and duly qualified PRC valuer using the market-based approach. The consideration is calculated by multiplying such appraised net assets value by 76.32%.

**Payment:**

Pursuant to the IRICO New Material Equity Transfer Agreement, the consideration shall be paid in three instalments:

- (i) The first instalment is 50% of the total consideration (i.e. RMB143,557,900), which shall be paid within five business days from the effective date of the IRICO New Material Equity Transfer Agreement;
- (ii) The second instalment is 20% of the total consideration (i.e. RMB57,423,200), which shall be paid before 30 June 2021; and
- (iii) The third instalment is the remaining 30% of the total consideration (i.e. RMB86,134,700), which shall be paid before 31 December 2021.

The Company and IRICO Group shall jointly complete the registration of change in equity interests in IRICO New Material within fifteen business days after the IRICO New Material Equity Transfer Agreement has become effective.

**Conditions Precedent:** The IRICO New Material Equity Transfer Agreement shall be concluded upon being duly signed and executed by both parties and shall become effective after the Company has obtained the Independent Shareholders' approval at the EGM.

**Completion :** The Proposed Disposal of IRICO New Material shall be completed on the date when IRICO Group makes the full payment of the first instalment (i.e. RMB143,557,900).

### **3. Jiangsu Yongneng Equity Transfer Agreement**

The principal terms of the Jiangsu Yongneng Equity Transfer Agreement are set out as follows:

**Date:** 30 October 2020

**Parties:** (i) the Company, as the vendor; and  
(ii) IRICO Group, as the purchaser

**Assets to be disposed of:** Subject to the terms and conditions of the Jiangsu Yongneng Equity Transfer Agreement, the Company agreed to sell and IRICO Group agreed to acquire 51% equity interests in Jiangsu Yongneng.

**Consideration:** Pursuant to the Jiangsu Yongneng Equity Transfer Agreement, the consideration for the Proposed Disposal of Jiangsu Yongneng is RMB61,455,000.

The consideration was determined based on arm's length negotiations between the Company and IRICO Group with reference to the appraised net assets value of Jiangsu Yongneng as at 31 July 2020 (i.e. the valuation benchmark date) of RMB120,500,000 as set out in the assets valuation report prepared by an independent and duly qualified PRC valuer using the market-based approach. The consideration is calculated by multiplying such appraised net assets value by 51%.



**Payment:** Pursuant to the Jiangsu Yongneng Equity Transfer Agreement, the consideration shall be paid in three instalments:

- (i) The first instalment is 50% of the total consideration (i.e. RMB30,727,500), which shall be paid within five business days from the effective date of the Jiangsu Yongneng Equity Transfer Agreement;
- (ii) The second instalment is 20% of the total consideration (i.e. RMB12,291,000), which shall be paid before 30 June 2021; and
- (iii) The third instalment is the remaining 30% of the total consideration (i.e. RMB18,436,500), which shall be paid before 31 December 2021.

The Company and IRICO Group shall jointly complete the registration of change in equity interests in Jiangsu Yongneng within fifteen business days after the Jiangsu Yongneng Equity Transfer Agreement has become effective.

**Conditions Precedent:** The Jiangsu Yongneng Equity Transfer Agreement shall be concluded upon being duly signed and executed by both parties and shall become effective after the Company has obtained the Independent Shareholders' approval at the EGM.

**Completion :** The Proposed Disposal of Jiangsu Yongneng shall be completed on the date when IRICO Group makes the full payment of the first instalment (i.e. RMB30,727,500).



#### **4. Zhuhai Caizhu Equity Transfer Agreement**

The principal terms of the Zhuhai Caizhu Equity Transfer Agreement are set out as follows:

**Date:** 30 October 2020

**Parties:** (i) the Company, as the vendor; and  
(ii) Zhongdian IRICO, as the purchaser

**Assets to be disposed of:** Subject to the terms and conditions of the Zhuhai Caizhu Equity Transfer Agreement, the Company agreed to sell and Zhongdian IRICO agreed to acquire 49% equity interests in Zhuhai Caizhu.

**Consideration:** Pursuant to the Zhuhai Caizhu Equity Transfer Agreement, the consideration for the Proposed Disposal of Zhuhai Caizhu is RMB129,418,900.

The consideration was determined based on arm's length negotiations between the Company and Zhongdian IRICO with reference to the appraised net assets value of Zhuhai Caizhu as at 31 July 2020 (i.e. the valuation benchmark date) of RMB264,120,200 as set out in the assets valuation report prepared by an independent and duly qualified PRC valuer using the asset-based approach. The consideration is calculated by multiplying such appraised net assets value by 49%.

**Payment:** Pursuant to the Zhuhai Caizhu Equity Transfer Agreement, the consideration shall be paid in three instalments:

- (i) The first instalment is 50% of the total consideration (i.e. RMB64,709,500), which shall be paid within five business days from the effective date of the Zhuhai Caizhu Equity Transfer Agreement;
- (ii) The second instalment is 20% of the total consideration (i.e. RMB25,883,800), which shall be paid before 30 June 2021; and

- (iii) The third instalment is the remaining 30% of the total consideration (i.e. RMB38,825,600), which shall be paid before 31 December 2021.

The Company and Zhongdian IRICO shall jointly complete the registration of change in equity interests in Zhuhai Caizhu within fifteen business days after the Zhuhai Caizhu Equity Transfer Agreement has become effective.

**Conditions Precedent:** The Zhuhai Caizhu Equity Transfer Agreement shall be concluded upon being duly signed and executed by both parties and shall become effective after the Company has obtained the Independent Shareholders' approval at the EGM.

**Completion:** The Proposed Disposal of Zhuhai Caizhu shall be completed on the date when Zhongdian IRICO makes the full payment of the first instalment (i.e. RMB64,709,500).

## **II. PROPOSED PURCHASE**

The Board further announced that on 30 October 2020, Hefei Photovoltaic, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with IRICO Group, pursuant to which IRICO Group agreed to provide Hefei Photovoltaic with system equipment and related services under the project of Hefei Photovoltaic regarding industrialization of ultra-thin and high-transmissivity photoelectric glass and research and development for technical equipment, and the total consideration payable by Hefei Photovoltaic to IRICO Group is approximately RMB290 million.

The principal terms of the Purchase Agreement are set out as follows:

**Date:** 30 October 2020

**Parties:** (i) Hefei Photovoltaic, as the purchaser; and  
(ii) IRICO Group, as the vendor

**Proposed Purchase:** IRICO Group agreed to provide Hefei Photovoltaic with system equipment and related services such as supply, on-site installation, commissioning and acceptance, construction and warranty, under the project of Hefei Photovoltaic regarding industrialization of ultra-thin and high-transmissivity photoelectric glass and research and development for technical equipment (合肥光伏超薄高透光電玻璃產業化及工藝裝備研發項目). The relevant system equipment includes batching and kilning system, prototype system, deep processing system, product packaging system, etc. The original costs for acquisition of the relevant system equipment paid by IRICO Group was RMB 290 million.

**Consideration:** The total consideration for the provision of the system equipment and related services by IRICO Group to Hefei Photovoltaic is approximately RMB290 million. The details of the system equipment and related services are set out in the price list in the Purchase Agreement.

The consideration was determined by Hefei Photovoltaic and IRICO Group after arm's length negotiations with reference to the book value of the relevant system equipment (i.e. RMB290 million) and taking into account various factors such as transaction subject, equipment technical and quality standards, services standards, market prices and expected costs.

**Payment:**

The payment methods of the consideration include but are not limited to bank acceptance, letter of credit, commercial acceptance, etc. The consideration will be paid in instalments based on the system equipment and related services actually delivered:

- (i) Hefei Photovoltaic will pay 40% of the above total consideration to IRICO Group (i.e. approximately RMB116 million) after the Purchase Agreement becomes effective;
- (ii) Hefei Photovoltaic will pay 30% of the consideration of the system equipment and related services (i.e. approximately RMB87 million in total) after the processing of various system equipment is completed and Hefei Photovoltaic has initially confirmed and accepted its appearance, quantity and model;
- (iii) Hefei Photovoltaic will pay 20% of the consideration of the system equipment and related services (i.e. approximately RMB58 million in total) after all system equipment has been installed, commissioned and in normal operation, and has been accepted by Hefei Photovoltaic in accordance with the requirements of the technical documentation;
- (iv) Hefei Photovoltaic will pay the remaining 10% of the consideration of the system equipment and related services (i.e. approximately RMB29 million in total) after the expiry of one-year warranty period with satisfactory feedback on quality.

**Conditions precedent:**

The Purchase Agreement shall be concluded upon being duly signed and executed by both parties and shall become effective after the Company has obtained the Independent Shareholders' approval at the EGM.

### **III. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSALS AND THE PROPOSED PURCHASE**

#### **(i) Reasons for and Benefits of the Proposed Disposals**

At present, the focus of the Company's main businesses has shifted to vigorously develop emerging industries such as solar photovoltaic glass, while Target Companies have a small proportion in such businesses. Therefore, the Company intends to transfer its equity interests in Target Companies, in order to concentrate on strengthening the main businesses, reduce unnecessary operating losses, accelerate the adjustment and optimization of assets structure and corporate structure, increase the operation efficiency of assets, improve the Company's asset and liability structure, improve and consolidate the Company's market competitive position and advantages, and enhance its profitability and image in the capital markets, so as to better reward the Shareholders.

The Company expects to recognize gains from the Proposed Disposals in an aggregated amount of RMB69,772,970.17. Wherein, the estimated gains from the Proposed Disposal of Green Energy is RMB2,691,825.12, which is calculated based on the consideration for the transaction and the net assets value of the equity interests to be disposed of; the estimated gains from the Proposed Disposal of IRICO New Material is RMB60,986,521.72, which is calculated based on the consideration for the transaction and the net assets value of the equity interests to be disposed of; the estimated gains from the Proposed Disposal of Jiangsu Yongneng is RMB2,396,598.59, which is calculated based on the consideration for the transaction, the net assets value of the equity interests to be disposed of and the value of the goodwill; and the estimated gains from the Proposed Disposal of Zhuhai Caizhu is RMB3,698,024.74, which is calculated based on the consideration for the transaction, the net assets value of the equity interests to be disposed of and the relevant fair value.

The proceeds arising from the Proposed Disposals will be used to supplement working capital of the Company.

#### **(ii) Reasons For and Benefits of the Proposed Purchase**

The Purchase Agreement was concluded based on the demands of Hefei Photovoltaic under the project of Hefei Photovoltaic regarding industrialization of ultra-thin and high-transmissivity photoelectric glass and research and development for technical equipment (合肥光伏超薄高透光電玻璃產業化及工藝裝備研發項目). In addition, as the Group and IRICO Group have established a long-term cooperative relationship, IRICO Group understands the Group's business operation planning, quality control and certain specific requirements. Due to their proximity, the Group's purchase of products from IRICO Group also helps the Group to reduce the management and operating costs, and the bulk trading of products contributes to improving the economic efficiency of the Group and IRICO Group. In addition, the price of the products under the Purchase Agreement is determined by Hefei Photovoltaic by means of market inquiry, public bidding, and inquiry on purchase platform, which is in line with the market price level.

In view of the above reasons, the Board (excluding the independent non-executive Directors, whose opinion on the Proposed Disposals and the Proposed Purchase by reference to the advice of the Independent Financial Adviser in this regard will be set forth in the circular) is of the view that the terms and conditions of the Equity Transfer Agreements and the Purchase Agreement are fair and reasonable, and the Proposed Disposals and the Proposed Purchase are on normal commercial terms or better, 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.

#### **IV. GENERAL INFORMATION ON THE PARTIES AND THEIR ULTIMATE BENEFICIAL OWNER**

##### **(i) The Company**

The Company is principally engaged in the research and 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) Hefei Photovoltaic**

Hefei Photovoltaic is principally engaged in the investment and development of new energy industries and solar power projects; and the construction, operation and management as well as contracting of solar photovoltaic power plant projects.

##### **(iii) IRICO Group**

IRICO Group, in addition to operating businesses through the Company, is principally engaged in the research and development, production and trading in businesses relating to colour picture tubes, display panels and their components, colour television sets and electronic products.

##### **(iv) Zhongdian IRICO**

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

**(v) CEC**

As at the date of this announcement, the ultimate beneficial owner of each of the above parties is CEC. CEC is principally engaged in the research and 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.

**V. GENERAL INFORMATION ON TARGET COMPANIES**

**(i) Green Energy**

Green Energy is principally engaged in the research and development, manufacturing, procurement, storage and transportation and sales of related products of new energy photovoltaic power station industry chain; design, construction, operation and services of new energy photovoltaic power station system, and production and sales of electricity; import and export business of related products and systems of new energy photovoltaic power station industry chain; technology promotion services and consultation of new energy photovoltaic power station; and recovery of renewable resource.

The unaudited net assets value of Green Energy as at 30 June 2020 was RMB100,905,487.35. The audited net losses of Green Energy before and after taxation for the year ended 31 December 2019 were RMB6,436,553.73 and RMB6,436,553.73, respectively. The audited net profits of Green Energy before and after taxation for the year ended 31 December 2018 were RMB4,211,909.37 and RMB 4,211,909.37, respectively.

**(ii) IRICO New Material**

IRICO New Material is principally engaged in production of various luminous materials for display devices and lighting devices; electronic paste; various battery materials for 3C products and electrical vehicles; target materials for TFT-LED, photoresists and other functional chemicals; various coating fluids for photovoltaic glass; sales of self-produced products; wholesale of coal; wholesale of chemical materials; and self-operated and commissioned import and export of goods.



The unaudited net assets value of IRICO New Material as at 30 June 2020 was RMB297,225,040.55. The audited net profits of IRICO New Material before and after taxation for the year ended 31 December 2019 were RMB31,438,439.81 and RMB28,336,298.94, respectively. The audited net profits of IRICO New Material before and after taxation for the year ended 31 December 2018 were RMB26,571,080.38 and RMB26,183,610.31, respectively.

**(iii) Jiangsu Yongneng**

Jiangsu Yongneng is principally engaged in research and development and manufacturing of solar cells and solar modules, research and development, design, installation, debugging and maintenance of solar photovoltaic systems and building-integrated photovoltaics, and sales of self-made products.

The unaudited net assets value of Jiangsu Yongneng as at 30 June 2020 was RMB46,404,483.30. The audited net losses of Jiangsu Yongneng before and after taxation for the year ended 31 December 2019 were RMB45,414,126.78 and RMB44,381,976.31, respectively. The audited net profits of Jiangsu Yongneng before and after taxation for the year ended 31 December 2018 were RMB4,948,212.29 and RMB4,776,718.33, respectively.

**(iv) Zhuhai Caizhu**

Zhuhai Caizhu is principally engaged in production, processing and sales of glass and glass products; manufacturing of household electric appliances and electronic components; and sales, property management and domestic trade, etc.

The unaudited net assets value of Zhuhai Caizhu as at 30 June 2020 was RMB116,182,865.28. The audited net profits of Zhuhai Caizhu before and after taxation for the year ended 31 December 2019 were RMB1,934,253.18 and RMB1,934,253.18, respectively. The audited net losses of Zhuhai Caizhu before and after taxation for the year ended 31 December 2018 were RMB2,695,194.66 and RMB2,695,194.66, respectively.

The financial data in relation to the Target Companies as disclosed in this announcement were prepared in accordance with China Accounting Standards for Business Enterprises.

## **VI. IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, IRICO Group is the controlling Shareholder of the Company which directly and indirectly holds approximately 47.16% of the issued share capital of the Company. Zhongdian IRICO, which is directly held as to 72.08% by CEC (the ultimate controlling Shareholder of the Company) and 27.92% by IRICO Group (the controlling Shareholder of the Company), is an associate of CEC and IRICO Group. Therefore, both IRICO Group and Zhongdian IRICO are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Proposed Disposals and the Proposed Purchase constitute connected transactions of the Company.

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, the Proposed Disposals would be calculated on an aggregate basis. As the highest applicable percentage ratio of the Proposed Disposals as calculated on an aggregate basis exceeds 25% but is less than 75%, the Proposed Disposals constitute major and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Proposed Purchase exceeds 5% but is less than 25%, the Proposed Purchase constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, certain Directors, namely, Mr. Si Yuncong and Mr. Fan Laiying, by virtue of their respective senior positions in IRICO Group, may be deemed as having a material interest in the Proposed Disposals and the Proposed Purchase, and have abstained from voting on the Board resolutions approving the Proposed Disposals and the Proposed Purchase. Save for the above-mentioned Directors, none of the other Directors has or is deemed to have a material interest in the Proposed Disposals and the Proposed Purchase and thus no other Director has abstained from voting on such Board resolutions.

## **VII. EGM**

The Company will convene the EGM for the Independent Shareholders to consider and, if appropriate, to approve the Proposed Disposals and the Proposed Purchase. An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders in respect of the Proposed Disposals and the Proposed Purchase. An Independent Financial Adviser, Octal Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

CEC and its associates (including Zhongdian IRICO, IRICO Group and Rui Bou Electronics (HK) Limited (瑞博電子(香港)有限公司)), holding an aggregate of approximately 72.37% of the issued share capital of the Company as at the date of this announcement, will be required to abstain from voting on the resolutions approving the Proposed Disposals and the Proposed Purchase at the EGM. Save as mentioned above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has any material interest in the Proposed Disposals and the Proposed Purchase and therefore will be required to abstain from voting to approve such resolutions at the EGM. The proposed resolutions on approving the Proposed Disposals and the Proposed Purchase will be passed by way of ordinary resolutions and the voting will be conducted by way of poll in accordance with the requirements of the Listing Rules.

A circular of the Company containing, among others, (i) details of the Equity Transfer Agreements and the Proposed Disposals thereunder; (ii) details of the Purchase Agreement and the Proposed Purchase thereunder; (iii) the opinion and recommendation of the Independent Board Committee on the Proposed Disposals and the Proposed Purchase; and (iv) the letter of advice from the Independent Financial Adviser to Independent Board Committee and Independent Shareholders, containing its opinion and recommendation on the Proposed Disposals and the Proposed Purchase will be issued by the Company. The circular will be despatched to the Shareholders no later than 10 December 2020 in accordance with Rule 19A.39A of the Listing Rules, because additional time is required to prepare and finalise the information to be included in the circular.

## VIII. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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 holding approximately 72.37% of the issued share capital of the Company through Zhongdian IRICO, IRICO Group and 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
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Proposed Disposals and the Proposed Purchase
“Equity Transfer Agreements”	the Green Energy Equity Transfer Agreement, the IRICO New Material Equity Transfer Agreement, the Jiangsu Yongneng Equity Transfer Agreement and the Zhuhai Caizhu Equity Transfer Agreement

“Green Energy”	Xianyang IRICO Green Energy Co., Ltd.* (咸陽彩虹綠色能源有限公司), a limited liability company incorporated in the PRC, which is held as to 100% by the Company as at the date of this announcement, and a subsidiary of the Company
“Green Energy Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2020 entered into between the Company and IRICO Group in relation to the proposed disposal of 100% equity interests in Green Energy
“Group”	the Company and its subsidiaries
“Hefei Photovoltaic”	IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“Independent Board Committee”	the committee of Directors consisting of Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng who are independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Proposed Disposals and the Proposed Purchase
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Proposed Disposals and the Proposed Purchase
“Independent Shareholders”	the Shareholders, other than CEC and its associates (including Zhongdian IRICO, IRICO Group and Rui Bou Electronics (HK) Limited) who will abstain from voting on the relevant resolutions in relation to the Proposed Disposals and the Proposed Purchase at the EGM

“IRICO Group”	IRICO Group Company Limited* (彩虹集團有限公司), a wholly state-owned enterprise and the controlling Shareholder of the Company directly and indirectly holding approximately 47.16% of the issued share capital of the Company as at the date of this announcement
“IRICO New Material”	Shaanxi IRICO New Material Company Limited* (陝西彩虹新材料有限公司), a limited liability company incorporated in the PRC, which is held as to 76.32% by the Company as at the date of this announcement, and a subsidiary of the Company
“IRICO New Material Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2020 entered into between the Company and IRICO Group in relation to the proposed disposal of 76.32% equity interests in IRICO New Material
“Jiangsu Yongneng”	Jiangsu IRICO Yongneng New Energy Company Limited* (江蘇彩虹永能新能源有限公司), a limited liability company incorporated in the PRC, which is held as to 51% by the Company as at the date of this announcement, and a subsidiary of the Company
“Jiangsu Yongneng Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2020 entered into between the Company and IRICO Group in relation to the proposed disposal of 51% equity interests in Jiangsu Yongneng
“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 the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Disposals”	the Proposed Disposal of Green Energy, the Proposed Disposal of IRICO New Material, the Proposed Disposal of Jiangsu Yongneng and the Proposed Disposal of Zhuhai Caizhu
“Proposed Disposal of Green Energy”	the proposed disposal of 100% equity interests in Green Energy, by the Company to IRICO Group pursuant to the Green Energy Equity Transfer Agreement

“Proposed Disposal of IRICO New Material”	the proposed disposal of 76.32% equity interests in IRICO New Material by the Company to IRICO Group pursuant to the IRICO New Material Equity Transfer Agreement
“Proposed Disposal of Jiangsu Yongneng”	the proposed disposal of 51% equity interests in Jiangsu Yongneng by the Company to IRICO Group pursuant to the Jiangsu Yongneng Equity Transfer Agreement
“Proposed Disposal of Zhuhai Caizhu”	the proposed disposal of 49% equity interests in Zhuhai Caizhu by the Company to Zhongdian IRICO pursuant to the Zhuhai Caizhu Equity Transfer Agreement
“Proposed Purchase”	the proposed purchase of the system equipment and related services such as supply, on-site installation, commissioning and acceptance, construction and warranty, under the project of Hefei Photovoltaic regarding industrialization of ultra-thin and high-transmissivity photoelectric glass and research and development for technical equipment (合肥光伏超薄高透光電玻璃產業化及工藝裝備研發項目) by Hefei Photovoltaic from IRICO Group pursuant to the Purchase Agreement
“Purchase Agreement”	the purchase agreement dated 30 October 2020 entered into between Hefei Photovoltaic and IRICO Group
“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
“Target Companies”	Green Energy, IRICO New Material, Jiangsu Yongneng and Zhuhai Caizhu
“Zhongdian IRICO”	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司), a subsidiary of CEC, the ultimate controlling Shareholder of the Company as at the date of this announcement

“Zhuhai Caizhu”	Zhuhai Caizhu Industrial Co., Ltd.* (珠海彩珠實業有限公司), a limited liability company incorporated in the PRC, which is held as to 49% by the Company as at the date of this announcement
“Zhuhai Caizhu Equity Transfer Agreement”	the equity transfer agreement dated 30 October 2020 entered into between the Company and Zhongdian IRICO in relation to the proposed disposal of 49% equity interests in Zhuhai Caizhu
“%”	per cent

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

Shaanxi Province, the PRC  
30 October 2020

*As at the date of this announcement, the Board 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 purposes only*