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**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)**

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
THE PROCUREMENT OF FLOODLIGHTING EQUIPMENT AND  
RELATED SERVICES  
FOR THE GROUP'S INDUSTRIAL PARKS**

**THE FRAMEWORK AGREEMENT**

The Board hereby announces that on 24 February 2022, Wuhan OVU (an indirect wholly-owned subsidiary of the Company) entered into the Framework Agreement with CEC Lighting in relation to the provision of the procurement of floodlighting equipment and related services by the CEC Lighting Group to the Group for the period from 1 January 2022 to 31 December 2024.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CEC indirectly holds 2,550,000,000 Shares (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a substantial shareholder of the Company. CEC Lighting, being a subsidiary of CEC, is therefore a connected person of the Company under the Rule 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Framework Agreement exceeds 0.1% but all of them are less than 5%, the Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

## INTRODUCTION

The Board hereby announces that on 24 February 2022, Wuhan OVU (an indirect wholly-owned subsidiary of the Company) entered into the Framework Agreement with CEC Lighting in relation to the provision of the procurement of floodlighting equipment and related services by the CEC Lighting Group to the Group.

## THE FRAMEWORK AGREEMENT

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

**Date:** 24 February 2022

**Parties:** (1) Wuhan OVU; and  
(2) CEC Lighting

**Term:** 1 January 2022 to 31 December 2024

### Subject matter

Pursuant to the Framework Agreement, the Group shall, on a non-exclusive basis, engage the CEC Lighting Group as its contractor in procuring floodlighting equipment and providing related services (including designing of lighting effects, formulation of installation work plans, selection and installation of lights and relevant equipment, and provision of relevant technical services).

During the term of the Framework Agreement, the Group may, from time to time, enter into specific agreements (the “**Specific Agreement(s)**”) with the CEC Lighting Group which will set out the detailed terms of the scope of the procurement of lighting equipment and related services of individual projects of the Group. Each such Specific Agreement shall conform with the principles and provisions set out in the Framework Agreement; and the terms and conditions of each such Specific Agreement shall be no less favourable than those being offered by the Independent Third Parties to the Group for comparable services.

### Payment and pricing terms

The fees payable by the Group to the CEC Lighting Group in respect of the procurement of floodlighting equipment and provision of related services comprises (a) the Construction Work Fees, (b) the Design Fee and (c) if applicable, fee for civil engineering work (土建費用).

The Construction Work Fees and the Design Fee shall be payable by the relevant member of the Group to the relevant member of the CEC Lighting Group in tranches at different stages of the relevant installation work and in line with the usual industry practice, in the following manner:

- (i) up to 65% of the contract price for the construction work completed in a particular month (as confirmed based on the relevant assessment of qualified work completed), shall be payable in the following month;
- (ii) up to 75% of the contract price as set out in the Specific Agreement, shall be payable in the month following the completion of the relevant project, successful handover of the worksite and the passing of the completion inspection conducted by the relevant member of the Group and work supervising party;
- (iii) up to 90% of the final settlement price (as confirmed by the relevant assessment) shall be payable in the month after the assessment for settlement of work completed;
- (iv) up to 97% of the final settlement price (as confirmed by the relevant assessment) shall be payable six months after the assessment for settlement of work completed; and
- (v) the remaining balance of the final settlement price (as confirmed by the relevant assessment), being work quality bond, shall be payable, after deduction of any maintenance fees, upon the expiration of the works quality warranty period of two years from the date of upon passing the aforementioned inspection of completion.

The payment terms of the fee for civil engineering work (if any), which will be set out in each Specific Agreement, shall be determined after arm's length negotiations between the relevant parties with reference to the usual industry practice.

**(a) Construction Work Fees**

The Construction Work Fees shall comprise the following items:

- (i) the purchase prices of the lights (and the relevant installation fees) at such unit price as agreed under the Framework Agreement.

The said unit prices were determined with reference to, and are lower than, the prices for 148 selected floodlighting products (which are set out in the Framework Agreement) offered to the Group by the suppliers who are Independent Third Parties in respect of the same or similar light products pursuant to the relevant agreements entered into within one year from the date of the Framework Agreement.

For the light products which are not set out in the Framework Agreement, the relevant purchase prices (and the relevant installation fees) shall be determined after arm's length negotiations between the relevant parties and with reference to the fees for the provision

of same or similar light products (and the relevant installation fees) to the Group by at least two Independent Third Parties suppliers and shall not be higher than the prices offered to the Group by the relevant suppliers who are Independent Third Parties;

- (ii) the purchase prices of the other relevant lighting equipment, such as cables and pipes, switches, control panels, power distribution boxes etc. and the service fee charged for the relevant installation. Such purchase prices shall be determined with reference to the indicative market prices of the relevant lighting equipment provided by Guangcaiwang\* (廣材網), an independent agency which provides pricing information of construction materials and equipment in the PRC in the month when the relevant Specific Agreement is entered into; and such relevant service fees shall be determined after arm's length negotiations between the relevant parties, with reference to the fees for the provision of similar services to the Group by the suppliers who are Independent Third Parties pursuant to all relevant previous agreements entered into within one year from the date of the Specific Agreement and in any event shall not be higher than the aforementioned prices in the relevant agreements; and
- (iii) construction measure fees (施工措施費), including but not limited to environmental protection fees, civilization measure fees (文明施工費), safety measure fees (安全施工費), design sample and supporting framework fees, scaffolding fees (腳手架費), second-time transportation of equipment fees, which shall be charged at 3% on the aggregate of the fees mentioned in paragraphs (i) and (ii) above. The rate of the construction measure fees was determined with reference to the market rates for the provision of similar construction work services in respect of floodlighting by suppliers who are who are Independent Third Parties.

**(b) Design Fee**

The design fee (the “**Design Fee**”) shall be equivalent to 2% of the amount of the Construction Work Fees (inclusive of taxes). The rate of the Design Fee was determined with reference to the market rates for the provision of similar design services in respect of floodlighting by suppliers who are who are Independent Third Parties.

**(c) Fee for civil engineering work**

The fee for civil engineering work may be applicable under certain circumstances, for example, there is a delay in notification for worksite entry given by the Group to the CEC Lighting Group. If applicable, the relevant fees shall be determined after arm's length negotiations between the relevant parties and with reference to the fees for the provision of similar services to the Group by Independent Third Parties suppliers and shall not be higher than the prices offered to the Group by the suppliers who are Independent Third Parties.)

## ANNUAL CAPS AND BASIS OF DETERMINATION

The following table summarises the approximate historical transaction amounts in respect of the provision of services of design, procurement and installation of floodlighting equipment by the CEC Lighting Group to the Group for the three years ended 31 December 2021, respectively:

	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the year ended 31 December 2020 (RMB)</b>	<b>For the year ended 31 December 2021 (RMB)</b>
<b>Historical transaction amounts</b>	625,327 (equivalent to approximately HK\$771,278)	658,083 (equivalent to approximately HK\$811,680)	638,620 (equivalent to approximately HK\$787,674)

Pursuant to the Framework Agreement, the relevant annual caps (the “**Annual Cap(s)**”) for the transactions contemplated under the Framework Agreement are as follows:

	<b>For the year ending 31 December 2022 (RMB)</b>	<b>For the year ending 31 December 2023 (RMB)</b>	<b>For the year ending 31 December 2024 (RMB)</b>
<b>Annual Caps</b>	21,000,000 (equivalent to approximately HK\$25,901,400)	24,000,000 (equivalent to approximately HK\$29,601,600)	28,000,000 (equivalent to approximately HK\$34,535,200)

In determining the Annual Caps, the Directors have taken into account the historical transaction amounts as disclosed above and the expected substantial increase in the demand for the floodlighting equipment and related services to be provided by the CEC Lighting Group to the Group as estimated based on (i) the expected number of the industrial parks under development by the Group during the term of the Framework Agreement, which, taking into account the track record of the supply of high quality and reliable floodlighting equipment and related services by the CEC Lighting Group to the Group, is expected to result in the Group’s increased demand for the relevant equipment and services; (ii) the estimated construction timetable for the Group’s industrial parks under development; and (iii) the expected types of lighting products and equipment, and complexity of installation work required by the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT**

As disclosed in this announcement, the Group is an industrial park integrated operation service provider in the PRC, and in particular, Wuhan OVU is principally engaged in (i) development, sales and leasing services of industrial park properties; and (ii) industrial park operation services (including design and construction services, property management services and digital park services etc.) in the PRC.

In the course of the development of the Group's industrial park projects, the Group has demand for quality services in relation to the design, procurement and installation of floodlighting products and equipment. Given that the CEC Lighting Group has solid and extensive experience in the floodlighting industry in the PRC and also has a deep understanding of the design requirements and positioning of the industrial parks of the Group, the Board believes that the CEC Lighting Group will be able to provide efficient, quality and reliable products and related services under the Framework Agreement, which will, in turn, be beneficial to the Group's overall business development.

In light of the above, the Directors (including the independent non-executive Directors) consider that Framework Agreement has been negotiated on arm's length basis and is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Framework Agreement and the transactions contemplated thereunder and the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON CEC LIGHTING AND ITS ULTIMATE BENEFICIAL OWNERS**

CEC Lighting is a company incorporated in the PRC with limited liability on 8 December 2017. CEC Lighting and its subsidiary are principally engaged in the provision of integrated lighting solutions for smart industrial parks, including the design, research and development, production, sales, installation, and after-sales service of LED lighting, display equipment, photovoltaic products and signs; smart building engineering; mechanical and electrical engineering; weak current engineering design, installation and construction; municipal engineering work construction; building engineering work construction etc.. CEC Lighting is a non-wholly owned subsidiary of CEC and is held:

- (a) as to 80% by 彩虹集團有限公司 (Caihong Group Co., Ltd.\*), which is indirectly wholly-owned by CEC; and
- (b) as to 20% by 合肥彩虹藍光科技有限公司 (Hefei IRICO Epilight Technology Co., Ltd.\*), which is in turn ultimately controlled by CEC as to approximately 54.55% and 合肥新站高新技術產業開發區財政局(國有資產管理局)(Hefei Xinzhan High-tech Industrial Development Zone Finance Bureau (State-owned Assets Administration Bureau)\*) as to approximately 45.45%.

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.

## **INFORMATION ON WUHAN OVU AND THE GROUP**

Wuhan OVU is principally engaged in (i) development, sales and leasing services of industrial park properties; and (ii) industrial park operation services (including design and construction services, property management services and digital park services etc.) in the PRC 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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CEC indirectly holds 2,550,000,000 Shares (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a substantial shareholder of the Company. CEC Lighting, being a subsidiary of CEC, is therefore a connected person of the Company under the Rule 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Framework Agreement exceeds 0.1% but all of them are less than 5%, the Framework Agreement and the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders’ approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Liu Guilin and Mr. Xiang Qunxiong, being non-executive Directors, had abstained from voting on the relevant Board resolutions to approve the Framework Agreement for the reason of their respective positions in and/or relationship with the CEC group. Save as disclosed, no other Directors had any material interest in the Framework Agreement.

## **DEFINITIONS**

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Annual Caps”	has the meaning ascribed to it under the section headed “Annual Caps and basis of determination” in this announcement;
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“Board”	the board of Directors;
“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;
“CEC Lighting”	中電彩虹智慧照明科技有限公司 (CEC Caihong Intelligent Lighting Technology Co., Ltd.*), a company established under the laws of the PRC and a non-wholly owned subsidiary of CEC;
“CEC Lighting Group”	CEC Lighting and its subsidiaries;
“Company”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Construction Work Fees”	has the meaning ascribed to it under the section headed “The Framework Agreement – Payment and pricing terms – (a) Construction Work Fee” in this announcement;
“Design Fee”	has the meaning ascribed to it under the section headed “The Framework Agreement – Payment and pricing terms – (b) Design Fee” in this announcement;
“Directors”	the directors of the Company;
“Framework Agreement”	the framework agreement dated 24 February 2022 and entered into between Wuhan OVU and CEC Lighting, details of which are set out under the section headed “The Framework Agreement” in this announcement;
“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 PRC;



“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates;
“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 share capital of the Company;
“Specific Agreement(s)”	has the meaning ascribed to it under the section headed “The Framework Agreement – Subject matter” in this announcement;
“sq.m.”	square metres;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wuhan OVU”	武漢光谷聯合集團有限公司 (Wuhan Optics Valley Union Group Company Limited*), a limited liability company incorporated in the PRC on 24 July 2000 and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

By Order of the Board  
**China Electronics Optics Valley Union Holding Company Limited**  
**Liu Guilin**  
*Chairman*

Wuhan, Hubei, the PRC  
24 February 2022

*As at the date of this announcement, the directors of the Company are Mr. Liu Guilin, Mr. Xiang Qunxiong, Mr. Zhang Jie, Ms. Sun Ying and Mr. Hu Bin as non-executive Directors; Mr. Qi Min, Mr. Qiu Hongsheng and Ms. Chan Ching Har Eliza as independent non-executive Directors; Mr. Huang Liping as executive Director.*

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.2334 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.*

*\* For identification purposes only*