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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 26 October 2021, the Company entered into (i) the IRICO Group Master Purchase Agreement; (ii) the Zhongdian IRICO Master Purchase Agreement; (iii) the China Power Master Purchase Agreement; (iv) the IRICO Group Master Sales Agreement; and (v) the Master Transportation Services Agreement to regulate the respective continuing connected transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, IRICO Group is the controlling Shareholder of the Company and thus is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the IRICO Group Master Purchase Agreement and the IRICO Group Master Sales Agreement between the Company and IRICO Group constitute continuing connected transactions of the Company.

Zhongdian IRICO, which is directly held as to 72.08% by CEC and 27.92% by IRICO Group as at the date of this announcement, is an associate of CEC and IRICO Group and thus a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement between the Company and Zhongdian IRICO constitute continuing connected transactions of the Company.

As at the date of this announcement, China Power and CETIS are subsidiaries of CEC, are associates of CEC and connected persons of the Company under the Listing Rules. Therefore, each of the transactions contemplated under the China Power Master Purchase Agreement and the Master Transportation Services Agreement between the Company and China Power and CETIS (as the case may be) constitute continuing connected transactions of the Company.

Since the applicable percentage ratios for the highest proposed annual caps for each of the three years ending 31 December 2024 in respect of the continuing connected transactions contemplated under each of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement exceed 5%, the continuing connected transactions contemplated under IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement (including the respective proposed annual caps) are subject to the announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios for the highest proposed annual caps for each of the three years ending 31 December 2024 in respect of the continuing connected transactions contemplated under each of the China Power Master Purchase Agreement, the IRICO Group Master Sales Agreement and the Master Transportation Services Agreement exceed 0.1% but are less than 5%, the continuing connected transactions thereunder are only subject to the announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 26 October 2021, the Company entered into (i) the IRICO Group Master Purchase Agreement; (ii) the Zhongdian IRICO Master Purchase Agreement; (iii) the China Power Master Purchase Agreement; (iv) the IRICO Group Master Sales Agreement; and (v) the Master Transportation Services Agreement to regulate the respective continuing connected transactions contemplated thereunder.

A. THE CONTINUING CONNECTED TRANSACTION AGREEMENTS

1. IRICO GROUP MASTER PURCHASE AGREEMENT

I. Background

On 26 October 2021, the Company entered into the IRICO Group Master Purchase Agreement with IRICO Group, to renew the Previous IRICO Group Master Purchase Agreement, and regulate the purchase of packaging materials and raw materials for photovoltaic production business, electricity, facilities and ancillary services by the Group from IRICO Group and its associates for the three years ending 31 December 2024. Details of the IRICO Group Master Purchase Agreement are set out below:

II. Major Terms of IRICO Group Master Purchase Agreement

Date:	26 October 2021
Parties:	(i) the Company; and (ii) IRICO Group
Term:	1 January 2022 to 31 December 2024, subject to early termination by the Company by giving at least three months' prior written notice to IRICO Group. IRICO Group shall not unilaterally terminate the IRICO Group Master Purchase Agreement without written consent of the Company.
Conditions precedent:	The IRICO Group Master Purchase Agreement is conditional upon the resolutions regarding the IRICO Group Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps) being approved by the Independent Shareholders at the EGM.
Nature of transactions:	The Group shall purchase packaging materials and raw materials for photovoltaic production business, electricity, facilities and ancillary services from IRICO Group and its associates.
Pricing policy:	(i) The prices for packaging materials and services for photovoltaic production and facilities and ancillary services shall be determined in accordance with the Market Price (as defined below):

“Market Price” shall be determined in accordance with the following order: (a) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products or services in the selling or purchasing places or its nearby regions; or (b) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products or services in the PRC.

Upon receipt of quotations from IRICO Group, the designated persons of the Group (namely, the business planning executives, who are primarily responsible for the examination and approval of the procurement plans and the execution of purchase contracts) 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 category of products or 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 selling price of each category of products or services will be reviewed by the procurement department of the Group and submitted to the head of such department for approval.

- (ii) The prices for the electricity shall be determined based on arm's length negotiations between the relevant parties with reference to (a) the Government-prescribed Price (as defined below); and (b) reduction from the government incentives offered by Anhui Provincial Government to IRICO Group. After taking into account of the government incentives offered by Anhui Provincial Government to IRICO Group for the building and operation of the electrical transformer substation for the development of the new industrial area in Hefei City, Anhui Province, the overall unit price of electricity supplied by IRICO Group to the Company will be lower than the Government-prescribed Price.

“Government-prescribed Price” means the prices of electricity in Anhui Province as prescribed by the State Grid Corporation of China as updated and amended from time to time.

Upon receipt of quotations from IRICO Group, the designated persons of the Group (namely, the business planning executives, who are primarily responsible for the examination and approval of the procurement plans and the execution of purchase contracts) will make comparison with relevant prices charged by independent third parties in the same region. In case there is an adjustment to the prices of electricity in Anhui Province as prescribed by the State Grid Corporation of China, the prices will be adjusted correspondingly based on arm's length negotiations between the relevant parties. The quotation of electricity will be reviewed by the procurement department of the Group and submitted to the head of such department for approval.

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 Shareholders.

Payment term:

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 IRICO Group Master Purchase Agreement and set out in the specific purchase 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 offered by independent third parties.

Other major terms:

IRICO Group agrees and undertakes that such materials and services to be provided to the Company shall satisfy the quality standards as required by the Company from time to time. The transactions for such materials and services shall be conducted on arm's length basis and charged on a reasonable manner. The terms and conditions of the provision of the same type of materials and services shall be no less favourable than those offered by independent third parties to the Company.

The Company and its subsidiaries may enter into specific purchase agreements with IRICO Group and its associates in respect of the transactions contemplated under the IRICO Group Master Purchase Agreement. The specific purchase agreements shall set out the specific materials and services, quantities, prices, term of validity, payment terms and other relevant terms, and comply with the principles, instructions, conditions and terms of the IRICO Group Master Purchase Agreement.

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

As the specific purchase agreements are simply further elaborations on the purchase of such materials and services contemplated under the IRICO Group Master Purchase Agreement, they do not constitute new categories of connected transactions.

III. Historical Figures

The historical amounts for the continuing connected transactions conducted under the Previous IRICO Group Master Purchase Agreement as well as the respective historical annual caps for the three years ended/ending 31 December 2021 are set out in the table below:

	Historical Transaction Amounts			Historical Annual Caps		
	For the year ended 31 December 2019 <i>(RMB'000)</i>	For the year ended 31 December 2020 <i>(RMB'000)</i>	For the nine months ended 30 September 2021 <i>(RMB'000)</i>	For the year ended 31 December 2019 <i>(RMB'000)</i>	For the year ended 31 December 2020 <i>(RMB'000)</i>	For the year ending 31 December 2021 <i>(RMB'000)</i>
Fees paid by the Group to IRICO Group and its associates under the Previous IRICO Group Master Purchase Agreement	48,437	51,025	45,823	99,326	104,778	122,378

IV. Proposed Annual Caps and Basis for the Proposed Annual Caps

The Directors propose the annual caps for the three years ending 31 December 2024 in respect of the continuing connected transactions under the IRICO Group Master Purchase Agreement as set out in the table below:

	Proposed Annual Caps		
	For the year ending 31 December 2022 <i>(RMB'000)</i>	For the year ending 31 December 2023 <i>(RMB'000)</i>	For the year ending 31 December 2024 <i>(RMB'000)</i>
Maximum fees payable by the Group to IRICO Group and its associates under the IRICO Group Master Purchase Agreement	160,309	185,559	191,432

The proposed annual caps for the continuing connected transactions contemplated under the IRICO Group Master Purchase Agreement have been determined primarily based on the following factors:

- (i) the historical amounts of the transactions under the Previous IRICO Group Master Purchase Agreement for the two years ended 31 December 2020 and nine months ended 30 September 2021;
- (ii) the Company's estimate of its business needs for the three years ending 31 December 2024, including, (a) under various favourable factors such as the policy support from the national "14th Five-Year" strategic industries and the achievement of carbon peak and carbon neutral goals, the Company focuses on the development of their solar photovoltaic glass as main business. By strengthening the development of its photovoltaic glass bases located in Hefei and Yan'an, so as to advance the construction and commissioning of the Xianyang ultra-thin and high-transmittance photovoltaic glass production lines, the IRICO Shangrao ultra-thin and high-transmittance photovoltaic glass furnace and ancillary processing and production lines; (b) the estimated electricity usage is required for operating the Yan'an, Hefei and Shangrao bases and the Xianyang production lines of the Company; and
- (iii) the Company's current estimation of the stable market prices of the relevant packaging materials and raw materials for photovoltaic production business, facilities and ancillary services or the Government-prescribed Price of the electricity.

2. ZHONGDIAN IRICO MASTER PURCHASE AGREEMENT

I. Background

On 26 October 2021, the Company entered into the Zhongdian IRICO Master Purchase Agreement with Zhongdian IRICO, to renew the Previous Zhongdian IRICO Utility Purchase Agreement and regulate the purchase of raw materials for solar photovoltaic business, production line facilities and installation services, kinetic operation and maintenance services and medical examination services and others by the Company from Zhongdian IRICO and its associates for the three years ending 31 December 2024. Details of the Zhongdian IRICO Master Purchase Agreement are set out below:

II. Major Terms of Zhongdian IRICO Master Purchase Agreement

Date:	26 October 2021
Parties:	(i) The Company; and (ii) Zhongdian IRICO
Term:	1 January 2022 to 31 December 2024, subject to early termination by either party by giving at least three months' prior written notice to the other party.
Conditions precedent:	The Zhongdian IRICO Master Purchase Agreement is conditional upon the resolution regarding the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps) being approved by the Independent Shareholders at the EGM.
Nature of transactions:	The Group shall purchase raw materials for solar photovoltaic business, production line facilities and installation services, other kinetic operation and maintenance services and medical examination services and others from Zhongdian IRICO and its associates.

Pricing policy:

- (i) The prices for such materials for solar photovoltaic business shall be determined in accordance with the Market Price (as defined below).

“Market Price” shall be determined in accordance with the following order: (a) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (b) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.

Upon receipt of quotations from Zhongdian IRICO, the designated persons of the Group 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 category of products 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 selling price of each category of products will be reviewed by the procurement department of the Group and submitted to the head of such department for approval.

- (ii) The prices for production line facilities and installation services, kinetic operation and maintenance services and medical examination services shall be determined in accordance with the following policies:
 - (a) where there is Government-prescribed Price (as defined below), in respect of the procurement of the production line facilities and installation services, kinetic operation and maintenance services and medical examination services, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to the Government-prescribed Price; or
 - (b) where there is no Government-prescribed Price, the prices shall be determined based on arm's length negotiations between the relevant parties with reference to reasonable costs incurred plus reasonable profit. The reasonable costs primarily include raw materials, labour, taxation, management fee, etc.

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 Shareholders.

“Government-prescribed Price” means the guidelines for prices of equipment installation services, kinetic operation and maintenance services and medical examination services under the Zhongdian IRICO Master Purchase Agreement as prescribed in the notices published by Shaanxi Provincial Price Bureau, Shaanxi Provincial Development and Reform Commission and other relevant regulatory authorities from time to time.

To ensure that prices to be charged by Zhongdian IRICO are no less favourable than those available from independent third parties, the designated persons of the Group will make comparison with relevant prices charged by independent third parties in the same or nearby region or the actual costs incurred. In case there is an adjustment to the prices of production line facilities and installation services, kinetic operation and maintenance services and medical examination services as prescribed in the notices published by Shaanxi Provincial Price Bureau, Shaanxi Provincial Development and Reform Commission and other relevant regulatory authorities, the prices will be adjusted correspondingly based on arm’s length negotiations between Zhongdian IRICO and the Company. The quotation of production line facilities and installation services, kinetic operation and maintenance services and medical examination services will be reviewed by the procurement department of the Company and submitted to the head of such department for approval.

Payment term: 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 Zhongdian IRICO Master Purchase Agreement and set out in the specific purchase 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 offered by independent third parties.

Other major terms: Zhongdian IRICO agrees and guarantees that such materials and services to be provided to the Company shall satisfy the quality standards as required by the Company from time to time. The prices at which such materials and services will be provided must be fair and reasonable. The conditions of the provision of the same type of materials and services shall be no less favourable than those offered by independent third parties to the Group.

The Group may enter into specific purchase agreements with Zhongdian IRICO and its associates in respect of the specific transactions contemplated under the Zhongdian IRICO Master Purchase Agreement to specify the name, model specification, measurement unit, quantity, price, tax rate and amount of the purchased goods and services. The specific purchase agreements shall set out the term of validity, quality requirements, standards, payment terms, liability for breach of agreement, dispute resolutions, etc. and comply with the principles, instructions, conditions and terms of the Zhongdian IRICO Master Purchase Agreement.

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

As the specific purchase agreements are simply further elaborations on the purchase of materials and services contemplated under the Zhongdian IRICO Master Purchase Agreement, they do not constitute new categories of connected transactions.

III. Historical Figures

The historical amounts for the continuing connected transactions conducted under the Previous Zhongdian IRICO Utility Purchase Agreement as well as the respective historical annual caps for the three years ended/ending 31 December 2021 are set out in the table below:

	Historical Transaction Amounts			Historical Annual Caps		
	For the year ended	For the year ended	For the nine months ended	For the year ended	For the year ended	For the year ending
	31 December 2019	31 December 2020	30 September 2021	31 December 2019	31 December 2020	31 December 2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Fees payable by the Group to Zhongdian IRICO and its associates under the Previous Zhongdian IRICO Utility Purchase Agreement	57,881	22,245	18,473	105,123	106,169	108,510

IV. Proposed Annual Caps and Basis for the Proposed Annual Caps

The Directors propose the annual caps for the three years ending 31 December 2024 in respect of the continuing connected transactions under the Zhongdian IRICO Master Purchase Agreement as set out in the table below:

	Proposed Annual Caps		
	For the year ending	For the year ending	For the year ending
	31 December	31 December	31 December
	2022	2023	2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Maximum fees payable by the Company to Zhongdian IRICO and its associates under the Zhongdian IRICO Master Purchase Agreement	184,902	246,156	234,103

The proposed annual caps for the continuing connected transactions contemplated under the Zhongdian IRICO Master Purchase Agreement have been determined primarily based on the following factors:

- (i) the historical amounts of the transactions under the Previous Zhongdian IRICO Utility Purchase Agreement for the two years ended 31 December 2020 and for the nine months ended 30 September 2021;
- (ii) the Company's estimate of its business needs for the three years ending 31 December 2024, including, (a) to ensure normal operation of the Company's Hefei and Yan'an bases; (b) to meet the production capacity of the Company's Xianyang ultra-thin and high-transmittance photovoltaic glass production lines, the full production capacity and operation of IRICO Shangrao's ultra-thin and high-transmittance photovoltaic glass furnace and ancillary processing and production lines and subsequent expansion needs; (c) the estimated costs of equipment and installation services required for the Company's Hefei phase III furnace and the above-mentioned furnaces and ancillary processing and production lines; (d) the estimated costs of operation and maintenance of the Company's Yan'an and Hefei bases; and
- (iii) the Company's current estimation of the stable market prices or the Government-prescribed Price of the relevant materials and services.

3. CHINA POWER MASTER PURCHASE AGREEMENT

I. Background

On 26 October 2021, the Company entered into the China Power Master Purchase Agreement with China Power to regulate the purchase of intelligent facility systems for solar photovoltaic production and ancillary services and others by the Company from China Power and its associates for the three years ending 31 December 2024. Details of the China Power Master Purchase Agreement are set out below:

II. Major Terms of China Power Master Purchase Agreement

Date:	26 October 2021
Parties:	(i) The Company; and (ii) China Power
Term:	1 January 2022 to 31 December 2024, subject to early termination by the Company by giving at least three months' prior written notice to China Power. China Power shall not unilaterally terminate the China Power Master Purchase Agreement without written consent of the Company.
Nature of transactions:	The Company shall purchase intelligent facility systems for solar photovoltaic production and ancillary services and others from China Power and its associates.
Pricing policy:	(i) The prices for such facilities and services shall be determined in accordance with the Market Price (as defined below).

“Market Price” shall be determined in accordance with the following order: (a) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of facilities and services in the selling or purchasing places or its nearby regions; or (b) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of facilities and services in the PRC.

Upon receipt of quotations from China Power, the designated persons of the Group (namely, the business planning executives, who are primarily responsible for the examination and approval of the procurement plans and the execution of purchase contracts) 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 category of facilities and 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 selling price of each category of facilities and services will be reviewed by the procurement department of the Group and submitted to the head of such department for approval.

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 Shareholders.

Payment term: 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 China Power Master Purchase Agreement and set out in the specific purchase 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 offered by independent third parties.

Other major terms: China Power agrees and guarantees that the facilities and services to be provided to the Company shall satisfy the quality standards as required by the Group from time to time. The prices at which such facilities and services will be provided must be fair and reasonable. The conditions of the provision of the same type of facilities and services shall be no less favourable than those offered by independent third parties to the Group.

The Company and its subsidiaries may enter into specific purchase agreements with China Power and its associates in respect of the transactions contemplated under the China Power Master Purchase Agreement. The specific purchase agreements shall set out the specific quantities of facilities and services, prices, term of validity, payment terms, acceptance standards, after sale services and other relevant terms, and comply with the principles, instructions, conditions and terms of the China Power Master Purchase Agreement.

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

As the specific purchase agreements are simply further elaborations on the purchase of facilities and services contemplated under the China Power Master Purchase Agreement, they do not constitute new categories of connected transactions.

III. Proposed Annual Caps and Basis for the Proposed Annual Caps

The Directors propose the annual caps for the three years ending 31 December 2024 in respect of the continuing connected transactions under the China Power Master Purchase Agreement as set out in the table below:

	Proposed Annual Caps		
	For the year ending 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Maximum fees payable by the Group to China Power and its associates under the China Power Master Purchase Agreement	2,700	Nil	4,000

The proposed annual caps for the continuing connected transactions contemplated under the China Power Master Purchase Agreement have been determined primarily based on the following factors:

- (i) the Company's estimate of its business needs for the three years ending 31 December 2024, including, the quantity of intelligent facility system to be purchased according to the construction progress of production line of Xianyang photovoltaic glass factory of the Company; and
- (ii) the Company's current estimation of the stable market prices of the relevant facilities and services.

4. IRICO GROUP MASTER SALES AGREEMENT

I. Background

On 26 October 2021, the Company entered into the IRICO Group Master Sales Agreement with IRICO Group to renew the Previous IRICO Group Master Sales Agreement and to regulate the sales of coated and tempered glass and heating water for power generation by waste heat (餘熱發電用水) and others by the Group to IRICO Group for three years ending 31 December 2024.

II. Major terms of the IRICO Group Master Sales Agreement

Date:	26 October 2021
Parties:	(i) the Company; and (ii) IRICO Group
Term:	1 January 2022 to 31 December 2024, subject to early termination by either party by giving at least one month prior written notice to the other party.
Nature of transactions:	The Group shall sell the coated and tempered glass and heating water for power generation by waste heat (餘熱發電用水) and others to IRICO Group and its associates.
Pricing policy:	The prices for the coated and tempered glass and heating water for power generation by waste heat (餘熱發電用水) shall be determined in accordance with the Market Price (as defined below).

“Market Price” shall be determined in accordance with the following order: (i) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the selling or purchasing places or its nearby regions; or (ii) the prevailing prices being offered or charged by independent third parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of products in the PRC.

Upon receipt of orders from IRICO Group, the marketing department of the Company and its designated persons (namely, the business planning executives, who are primarily responsible for the examination and approval of the sales plans and the execution of sales contracts) 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 category of products 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 selling price of each category of products will be submitted to the marketing department of the Company for approval.

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 Shareholders.

Payment term:

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 IRICO Group Master Sales Agreement and set out in the specific sales 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 Group may enter into specific sales agreements with IRICO Group and its associates in respect of the transactions contemplated under the IRICO Group Master Sales Agreement. The specific sales agreements shall set out the term of validity, quality requirements, acceptance standards, payment terms, liability for breach of agreement and dispute resolutions, and comply with the principles, instructions, conditions and terms of the IRICO Group Master Sales Agreement.

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

As the specific sales agreements are simply further elaborations on the sales of products contemplated under the IRICO Group Master Sales Agreement, they do not constitute new categories of connected transactions.

III. Historical Figures

The historical amount for the continuing connected transactions conducted under the Previous IRICO Group Master Sales Agreement as well as the historical cap for the period from 9 February 2021 to 31 December 2021 are set out in the table below:

	Historical Transaction Amount For the period from 9 February 2021 to 30 September 2021 (RMB'000)	Historical Cap For the period from 9 February 2021 to 31 December 2021 (RMB'000)
Fees payable by IRICO Group and its associates to the Group under the Previous IRICO Group Master Sales Agreement	20,975	100,000

IV. Proposed Annual Caps and Basis for the Proposed Annual Caps

The Directors propose the annual caps for the three years ending 31 December 2024 in respect of the continuing connected transactions under the IRICO Group Master Sales Agreement as set out in the table below:

	Proposed Annual Caps		
	For the year ending 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Maximum fees payable to the Group by IRICO Group and its associates under the IRICO Group Master Sales Agreement	52,165	52,165	52,165

The proposed annual caps for the continuing connected transactions contemplated under the IRICO Group Master Sales Agreement have been determined primarily based on the following factors:

- (i) the historical amount of the transaction under the Previous IRICO Group Master Sales Agreement for the period from 9 February 2021 to 30 September 2021;
- (ii) the Company's estimate of its business needs for the three years ending 31 December 2024, including, the development plan of IRICO Group and its subsidiaries and their demand for coated and tempered glass for the production capacity plan 2022 to 2024 and heating water for power generation by waste heat (餘熱發電用水); and
- (iii) the Company's current estimation of the stable market prices of the relevant products.

5. MASTER TRANSPORTATION SERVICES AGREEMENT

I. Background

On 26 October 2021, the Company entered into the Master Transportation Services Agreement with CETIS to renew the Previous Master Transportation Services Agreement and regulate the provision of transportation services by CETIS and its associates to the Company for the three years ending 31 December 2024.

II. Major Terms of the Master Transportation Services Agreement

Date:	26 October 2021
Parties:	(i) The Company; and (ii) CETIS
Term:	1 January 2022 to 31 December 2024, subject to early termination by either party by giving at least three months' prior written notice to the other party.
Nature of transactions:	CETIS and its associates shall provide transportation services to the Group.

Pricing policy:

The prices for the transportation services shall be determined in accordance with the market price.

Upon receipt of quotations from CETIS, the designated persons of the Group 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 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 Group 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 to specify the transportation route, price and tax rate. CETIS and its associates shall also obtain legal qualification for road transportation operation business as stipulated in the Master Transportation Services Agreement. The specific transportation services agreements shall set out the 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 Figures

The historical amounts for the continuing connected transactions conducted under the Previous Master Transportation Services Agreement as well as the respective historical annual caps for the three years ended/ending 31 December 2021 are set out in the table below:

	Historical Transaction Amounts			Historical Annual Caps		
	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)	For the nine months ended 30 September 2021 (RMB'000)	For the year ended 31 December 2019 (RMB'000)	For the year ended 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)
Fees payable by the Group to CETIS and its associates under the Previous Master Transportation Services Agreement	1,610	7,761	6,775	– ^(Note 1)	12,000	12,000

Note 1: The continuing connected transactions conducted for the year ended 31 December 2019 were within the de minimis threshold under Rule 14A.76(1) of the Listing Rules. The Company entered into the Previous Master Transportation Services Agreement with CETIS in June 2020 to regulate the provision of transportation services from CETIS to the Group and set the annual caps for the two years ended/ending 31 December 2021 accordingly. Please refer to the announcement of the Company dated 16 June 2020 for further details of the Previous Master Transportation Services Agreement.

IV. Proposed Annual Caps and Basis for the Proposed Annual Caps

The Directors propose the annual caps for the three years ending 31 December 2024 in respect of the continuing connected transactions under the Master Transportation Services Agreement as set out in the table below:

	Proposed Annual Caps		
	For the year	For the year	For the year
	ending	ending	ending
	31 December	31 December	31 December
	2022	2023	2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Maximum fees payable by the Group to CETIS and its associates under the Master Transportation Services Agreement	10,849	10,849	10,849

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 Group's estimate of its business needs for the three years ending 31 December 2024, including the expected demands in transportation services based on the production capacity of Yan'an solar photovoltaic glass project of the Company for the three years ending 31 December 2024;
- (ii) current estimations of the Company on the market prices for transportation services; and
- (iii) historical amounts of transportation services received by the Company from CETIS for the two years ended 31 December 2020 and for the nine months ended 30 September 2021.

B. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Board is of the view that the entering into of the aforesaid Continuing Connected Transaction Agreements 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 each of IRICO Group and Zhongdian IRICO have established a long-term relationship, and understand their respective planning of business operations, quality control as well as certain specific requirements of both parties;
- (ii) the purchase of products by the Company from IRICO Group or Zhongdian IRICO (as the case may be) will assist in decreasing the management and operational costs of the Company due to the close proximity between these companies. The bulk purchase and sales of products is also economically beneficial to both the Company and IRICO Group or Zhongdian IRICO (as the case may be);
- (iii) in addition, the prices and terms for the sales and purchase of products between the Company and each of China Power and CETIS would be no less favourable to the Company than those available to or from independent third parties; and
- (iv) 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 (excluding the independent non-executive Directors, whose opinion on the matters will be set forth in the circular by reference to the advice of the independent financial adviser in this regard) considers that the transactions contemplated under each of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement is conducted on normal commercial terms or on terms no less favourable to the Company than those available to or 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 Shareholders as a whole.

The Board (including the independent non-executive Directors) considers that the transactions contemplated under the each of the China Power Master Purchase Agreement, IRICO Group Master Sales Agreement and the Master Transportation Services Agreement is 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 Shareholders as a whole.

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 to have material interests in the transactions contemplated under the IRICO Group Master Purchase Agreement, Zhongdian IRICO Master Purchase Agreement and the IRICO Group Master Sales Agreement. As such, each of them has abstained from voting on the Board resolutions approving the relevant agreements and the transactions contemplated thereunder (including the respective proposed annual caps). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under IRICO Group Master Purchase Agreement, Zhongdian IRICO Master Purchase Agreement and the IRICO Group Master Sales Agreement.

In addition, none of the Directors has a material interest in the transactions contemplated under the China Power Master Purchase Agreement and the Master Transportation Services Agreement and therefore, no Director has abstained from voting on approval of the relevant resolutions.

C. INTERNAL CONTROL MEASURES ON CONTINUING CONNECTED TRANSACTIONS

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has put in place internal approval and monitoring procedures relating to the continuing connected transactions, which include the following:

1. The business planning executives will be responsible for the pricing management and will guide various departments and units to establish the procedures and mechanism of professional price management, so as to ensure that the pricing standard is fair and reasonable, and conform with the market principle. Market prices will be obtained through, among other things, open tenders/quotations from independent third party suppliers and service providers, recent transaction prices of the Company with independent third parties, pricing information obtained through subscription service and researches on industry websites. The market price information will be circulated by the procurement department to other departments of the Company to enable them to determine the prices for the continuing connected transactions.
2. The Company will regularly review the transactions to be entered into with each of IRICO Group, Zhaongdian IRICO, China Power and CETIS to identify any transactions that may be at risk of exceeding the annual cap and any measures to be introduced in response to such transactions. In the event that the transaction amount reaches 80% of the annual cap at any point of

the year, the management would seek advice from the audit committee of the Company and the Board would consider follow-up measures, including making announcements and seeking Independent Shareholders' approval for the increase in the annual cap (where applicable).

3. The Company has formulated a series of internal measures and policies to ensure that the continuing connected transactions will be carried out in accordance with the terms of each of the IRICO Group Master Purchase Agreement, the Zhongdian IRICO Master Purchase Agreement, the China Power Master Purchase Agreement, the Master Transportation Services Agreement and the IRICO Group Master Sales Agreement and the above pricing principles.
4. The independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the continuing connected transactions every year in accordance with the requirements of the Listing Rules.

D. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, IRICO Group is the controlling Shareholder of the Company and thus is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the IRICO Group Master Purchase Agreement and the IRICO Group Master Sales Agreement between the Company and IRICO Group constitute continuing connected transactions of the Company.

Zhongdian IRICO, which is directly held as to 72.08% by CEC and 27.92% by IRICO Group as at the date of this announcement, is an associate of CEC and IRICO Group and thus a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement between the Company and Zhongdian IRICO constitute continuing connected transactions of the Company.

As at the date of this announcement, China Power and CETIS are subsidiaries of CEC, are associates of CEC and connected persons of the Company under the Listing Rules. Therefore, each of the transactions contemplated under the China Power Master Purchase Agreement and the Master Transportation Services Agreement between the Company and China Power and CETIS (as the case may be) constitutes continuing connected transactions of the Company.

Since the applicable percentage ratios for the highest proposed annual caps for each of the three years ending 31 December 2024 in respect of the continuing connected transactions contemplated under each of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement

exceed 5%, the continuing connected transactions contemplated under IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement (including the respective proposed annual caps) are subject to the announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios for the highest proposed annual caps for each of the three years ending 31 December 2024 in respect of the continuing connected transactions contemplated under each of the China Power Master Purchase Agreement, the IRICO Group Master Sales Agreement and the Master Transportation Services Agreement exceed 0.1% but are less than 5%, the continuing connected transactions thereunder are only subject to the announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

E. GENERAL INFORMATION

The Company is principally engaged in the production and sales of solar photovoltaic glass; and the processing of quartz sand, an upstream material for photovoltaic glass.

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

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

China Power is principally engaged in information system integration services; artificial intelligence applications; development of application software and medical device technology; supply chain management and services; information system engineering consultation etc.

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.

F. EGM

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps).

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders in respect of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps). An independent financial adviser will be 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 IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited, holding approximately 74.91% 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 IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps) at the EGM. Save as mentioned above, to the Directors' knowledge, information and belief, no other Shareholder has any material interest in the transactions contemplated under each of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and therefore will be required to abstain from voting to approve the relevant resolutions at the EGM.

A circular of the Company containing, among other things:

- (i) details of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps);
- (ii) the opinion and recommendation of the Independent Board Committee on the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps); and

- (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps)

will be issued by the Company and despatched to the Shareholders no later than 10 December 2021 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.

G. 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 holding approximately 74.91% of the issued share capital of the Company through IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited, as at the date of this announcement
“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
“China Power”	China Power Industrial Internet Co., Ltd.* (中電工業互聯網有限公司), which is a subsidiary of CEC as at the date of this announcement and a connected person of the Company

“China Power Master Purchase Agreement”	the master purchase agreement dated 26 October 2021 entered into between the Company and China Power in respect of the purchase of intelligent facility systems by the Group from China Power and its associates
“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
“Continuing Connected Transaction Agreements”	the IRICO Group Master Purchase Agreement, the Zhongdian IRICO Master Purchase Agreement, the China Power Master Purchase Agreement, the IRICO Group Master Sales Agreement and the Master Transportation Services Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if appropriate, to approve the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps)
“Group”	the Company and its subsidiaries
“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, which will be formed to advise the Independent Shareholders in respect of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps)

“Independent Shareholders”	the Shareholders other than CEC and its associates (including IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited) who will abstain from voting on the resolutions with respect to the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the transactions contemplated thereunder (including the respective proposed annual caps)
“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 holding, directly and indirectly, approximately 74.91% of the issued share capital of the Company as at the date of this announcement
“IRICO Group Master Purchase Agreement”	the master purchase agreement dated 26 October 2021 entered into between the Company and IRICO Group in respect of the purchase of packaging materials and raw materials for photovoltaic production business, electricity, facilities and ancillary services by the Group from IRICO Group and its associates
“IRICO Group Master Sales Agreement”	the master sales agreement dated 26 October 2021 entered into between the Company and IRICO Group in respect of the sales of coated and tempered glass and power generation by steam device by the Group to IRICO Group and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Transportation Services Agreement”	the master transportation services agreement dated 26 October 2021 entered into between the Company and CETIS in respect of the provision of transportation services by CETIS and its associates to the Group

“Previous Zhongdian IRICO Utility Purchase Agreement”	the master purchase agreement dated 23 October 2018 entered into between the Company and Zhongdian IRICO in respect of the purchase of materials and utilities necessary for the solar photovoltaic business and the new materials business, including materials, water, electricity, gas and other utilities and ancillary services by the Company from Zhongdian IRICO
“Previous IRICO Group Master Purchase Agreement”	the master purchase agreement dated 23 October 2018 entered into between the Company and IRICO Group in respect of the purchase of packaging materials and raw materials, electricity and ancillary services by the Company from IRICO Group
“Previous IRICO Group Master Sales Agreement”	the master purchase agreement dated 9 February 2021 entered into between the Company and IRICO Group in respect of the sales of photovoltaic products such as coated and tempered glass by the Company to IRICO Group
“Previous Master Transportation Services Agreement”	the master transportation services agreement dated 16 June 2021 entered into between the Company and CETIS in respect of the provision of transportation services by CETIS to the Company
“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 China
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhongdian IRICO”

Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司), which is directly held by CEC and IRICO Group as to 72.08% and 27.92% respectively as at the date of this announcement and a connected person of the Company

“Zhongdian IRICO Master Purchase Agreement”

the master purchase agreement dated 26 October 2021 entered into between the Company and Zhongdian IRICO in respect of the purchase of raw materials for solar photovoltaic business, production line facilities and installation services, kinetic operation and maintenance services and medical examination services by the Group from Zhongdian IRICO and its associates

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

Shaanxi Province, the PRC
26 October 2021

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*