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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 OF CONNECTED TRANSACTION
DISPOSAL OF 39% EQUITY INTEREST IN
HANZHONG JIARUNZE

The Board announced that on 29 March 2022, the Company entered into the Equity Transfer Agreement with IRICO Import & Export, pursuant to which the Company has agreed to dispose of and IRICO Import & Export has agreed to acquire 39% equity interest in Hanzhong Jiarunze at the consideration of RMB9,149,205 in cash. Upon completion of the Disposal, the Company will no longer hold any equity interest in Hanzhong Jiarunze.

As at the date of this announcement, IRICO Group is the controlling shareholder of the Company. As IRICO Import & Export is directly held as to 100% by IRICO Group and is an associate of IRICO Group, IRICO Import & Export is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the notification and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board announced that on 29 March 2022, the Company entered into the Equity Transfer Agreement with IRICO Import & Export, pursuant to which the Company has agreed to dispose of and IRICO Import & Export has agreed to acquire 39% equity interest in Hanzhong Jiarunze at the consideration of RMB9,149,205 in cash. Upon completion of the Disposal, the Company will no longer hold any equity interest in Hanzhong Jiarunze.

2. EQUITY TRANSFER AGREEMENT

The main contents of the Equity Transfer Agreement are set out as follows:

Date: 29 March 2022

Parties: (1) The Company (as the vendor); and
(2) IRICO Import & Export (as the purchaser)

Assets to be disposed: Subject to the terms and conditions of the Equity Transfer Agreement, the Company has agreed to dispose of and IRICO Import & Export has agreed to acquire 39% equity interest in Hanzhong Jiarunze.

Consideration and payment: The consideration for the assets to be disposed is RMB9,149,205.

The consideration shall be paid in a lump sum in cash by IRICO Import & Export to the bank account designated by the Company on the effective date of the Equity Transfer Agreement.

Basis of the consideration: The consideration for the Disposal has been determined after arm's length negotiations between the parties with reference to the appraised value. According to the asset valuation report, the valuation of the equity interests of all the shareholders of Hanzhong Jiarunze as at 31 December 2021, using the asset-based approach, was RMB23,459,500, and the appraised value of the assets to be disposed was RMB9,149,205.

Conditions precedent: The Equity Transfer Agreement shall be established after being signed and sealed by the parties and shall become effective upon fulfilment of the following conditions:

- a) The Disposal has been approved by a resolution of the Board of the Company;
- b) The filling of the asset valuation report for the Disposal with the competent supervision and management department for state-owned assets or its authorized institution has been completed.

As at the date of this announcement, the conditions precedent above have been fulfilled and the Equity Transfer Agreement has come into force.

Completion:

Hanzhong Jiarunze shall apply to the administrative authority for industry and commerce for the registration of changes for the equity transfer within 30 working days from the date of full payment of the consideration by IRICO Import & Export.

The date on which the Company receives the consideration in full shall be the completion date for the Disposal. Rights, obligations and risks in relation to the assets to be disposed shall be transferred to IRICO Import & Export on the completion date.

3. GENERAL INFORMATION ON THE PARTIES

(i) The Company

The Company is principally engaged in the production and sales of solar photovoltaic glass.

(ii) IRICO Import & Export

IRICO Import & Export, a wholly-owned subsidiary of IRICO Group, is mainly engaged in self-operation and being as agent for import and export of various commodities and technologies.

(iii) Hanzhong Jiarunze

Hanzhong Jiarunze is mainly engaged in open-pit mining of quartzite, development, mining, processing and sales of kyanite and silica ore, distribution of equipment and accessories of industrial and mining materials, and technical consultation of geological and mineral resources.

The following table sets forth the audited financial information of Hanzhong Jiarunze for the year ended 31 December 2020 and the year ended 31 December 2021:

	For the year ended	
	31 December	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	14,164.2	11,374.1
Net loss before taxation	5,337.2	3,958.9
Net loss after taxation	5,337.2	3,958.9

As at 31 December 2021, the audited net asset value of Hanzhong Jiarunze was RMB-22,756,300. For the year ended 31 December 2021, the audited net loss of Hanzhong Jiarunze was RMB3,958,900.

According to the asset valuation report of Hanzhong Jiarunze, the appreciation under the valuation is attributable to appreciation under the valuation of buildings, equipment, construction in progress, and mining rights.

The financial data of Hanzhong Jiarunze disclosed in this announcement has all been prepared in accordance with China Accounting Standards for Business Enterprises.

4. FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Company will no longer hold any equity interest in Hanzhong Jiarunze.

It is expected that the Company will recognize a gain of RMB196,300 from the Disposal, which is calculated based on the consideration, the net asset value corresponding to the equity interest to be disposed and the relevant fair value. The actual amount of the gain to be recognised by the Company from the Disposal is subject to the final audit by the auditor of the Company.

The Company intends to use the proceeds from the Disposal to replenish working capital.

5. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal will optimize the Company's asset structure and enable the Company to focus on developing and strengthening the solar photovoltaic glass business.

The Board considers that the terms and conditions of the Equity Transfer Agreement are fair and reasonable, and the Disposal is on normal commercial terms or better, in the ordinary and usual course of business of the Company and in the interests of the Company and Shareholders as a whole.

6. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, IRICO Group is the controlling shareholder of the Company. As IRICO Import & Export is directly held as to 100% by IRICO Group and is an associate of IRICO Group, IRICO Import & Export is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the notification and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Jianglei, a Director, may be considered as having a material interest in the Disposal by virtue of his senior position in IRICO Group as at the date of this announcement. As such, he has abstained from voting on the Board resolution approving the Equity Transfer Agreement and the Disposal. Save as mentioned above, none of the other Directors has a material interest in the Disposal and thus no other Director has abstained from voting on such Board resolution.

7. DEFINITIONS

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

“Board”	the board of Directors of the Company;
“IRICO Import & Export”	China IRICO Electronics Import & Export Co., Ltd., a 100% owned company of IRICO Group;
“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 Main Board of the Stock Exchange (Stock Code: 00438);
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 29 March 2022 entered into between the Company and IRICO Import & Export in relation to the Disposal;
“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;
“Hanzhong Jiarunze”	Hanzhong IRICO Jiarunze Mining Company Limited* (漢中彩虹佳潤澤礦業有限公司), a company incorporated in the PRC with limited liability, in which the Company holds 39% equity interest as at the date of this announcement;
“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;
“Disposal”	the disposal of 39% equity interest in Hanzhong Jiarunze by the Company to IRICO Import & Export pursuant to the terms and conditions of the Equity Transfer Agreement;

“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;
“%”	per cent.

By order of the Board
IRICO Group New Energy Company Limited*
Tong Xiaofei
Chairman

Shaanxi Province, the PRC
29 March 2022

As at the date of this announcement, the Board of the Company consists of Mr. Tong Xiaofei and Mr. Jiang Lei as executive directors, Mr. Ni Huadong and Mr. Huang Weihong as non-executive directors, and Ms. Wu Xiaoguang, Mr. Li Yong and Ms. Hao Meiping as independent non-executive directors.

* *For identification purpose only*