
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult appropriate independent advisers to obtain independent professional advice.

If you have sold or transferred all your shares in **IRICO Group New Energy Company Limited***, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**(1) MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF AND NEW CONTINUING CONNECTED TRANSACTIONS;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 1 to 37 of this circular. A letter from the Independent Board Committee is set out on pages 38 to 39 of this circular. A letter from Octal Capital, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 40 to 66 of this circular.

The EGM will be held at the conference room on the 2nd Floor at C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the PRC at 9:00 a.m. on Thursday, 19 December 2024. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. The proxy form for use at the EGM was published on the website of the Stock Exchange at <http://www.hkexnews.hk> on Friday, 29 November 2024. If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish.

For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at the EGM in respect of any treasury Shares held by them, if any.

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CEC”	China Electronics Corporation* (中國電子信息產業集團有限公司), a wholly state-owned company incorporated in the PRC with limited liability and the ultimate controlling Shareholder of the Company holding approximately 74.90% of the issued share capital of the Company through IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited, Zhongdian Financial Investment and Zhongdian IRICO, as at the Latest Practicable Date
“CEC Finance”	China Electronics Financial Co., Ltd.* (中國電子財務有限責任公司), a company established in the PRC with limited liability, is a non-wholly owned subsidiary of CEC as at the Latest Practicable Date and a connected person of the Company
“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: 0438)
“Comprehensive Financial Cooperation Agreement”	the comprehensive financial cooperation agreement dated 23 October 2024 entered into between the Company and CEC Finance in respect of the provision of general credit, fund settlement and other services by CEC Finance to the Group
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at the conference room on the 2nd Floor at C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the PRC at 9:00 a.m on Thursday, 19 December 2024, the notice of which is set out on pages EGM-1 to EGM-3 of this circular

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of Directors consisting of Mr. Su Kun, Mr. Li Yong and Ms. Hao Meiping, who are independent non-executive Directors, which will be formed by the Company to advise the Independent Shareholders in respect of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group
“Independent Shareholders”	the Shareholders other than CEC and its associates (including IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited, Zhongdian Financial Investment and Zhongdian IRICO) 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 continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group

DEFINITIONS

“IRICO Group”	IRICO Group Company Limited* (彩虹集團有限公司), a company incorporated in the PRC with limited liability and the controlling Shareholder of the Company holding, directly and indirectly, approximately 34.43% of the issued share capital of the Company as at the Latest Practicable Date and a connected person of the Company
“IRICO Group Master Purchase Agreement”	the master purchase agreement dated 23 October 2024 entered into between the Company and IRICO Group in respect of the purchase of raw materials, coating solution, ink and other materials of photovoltaic industry, electricity, purchase of facilities and installation services and maintenance services for photovoltaic production business by the Group from IRICO Group and its associates
“Jiangxi Photovoltaic”	Jiangxi IRICO Photovoltaic Co., Ltd.* (江西彩虹光伏有限公司), a wholly-owned subsidiary of the Company
“Latest Practicable Date”	22 November 2024, being the latest practicable date for ascertaining certain information included herein before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding the Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Previous 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, electricity, facilities and ancillary services for photovoltaic production business by the Group from IRICO Group and its associates
“Previous 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, utility operation and maintenance services, medical examination services and other services by the Group from Zhongdian IRICO and its associates
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder (s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongdian Financial Investment”	Zhongdian Financial Investment Holdings Co., Ltd.* (中電金投控股有限公司), a company established in the PRC with limited liability and a substantial shareholder of the Company, directly holding approximately 26.17% of the issued share capital of the Company, which is wholly owned by CEC as at the Latest Practicable Date and a connected person of the Company

DEFINITIONS

“Zhongdian IRICO”	Xianyang Zhongdian IRICO Group Holdings Ltd.* (咸陽中電彩虹集團控股有限公司), a company established in the PRC with limited liability and a substantial shareholder of the Company, directly holding approximately 14.30% of the issued share capital of the Company as at the Latest Practicable Date and a connected person of the Company
“Zhongdian IRICO Master Purchase Agreement”	the master purchase agreement dated 23 October 2024 entered into between the Company and Zhongdian IRICO in respect of the purchase of production line facilities and installation services, other utilities and ancillary services, operation and maintenance services and other services by the Group from Zhongdian IRICO and its associates
“%”	Percent

The English names of the PRC entities adopted in this circular marked “” are translations from their Chinese names for identification purpose only.*

LETTER FROM THE BOARD



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)

Directors

Executive Directors

Ms. Yang Hua (*Chairlady*)

Mr. Ma Zhibin

Non-executive Directors

Mr. Fang Zhongxi

Mr. Wang Dong

Independent non-executive Directors

Mr. Su Kun

Mr. Li Yong

Ms. Hao Meiping

Legal address and the head office in the PRC:

C6, No. 3 Xinghuo Avenue

High-Tech Industrial Development Zone

Xianyang, Shaanxi Province

The People's Republic of China

Postal code: 712000

Principal place of business in Hong Kong:

Units 1607-8, 16/F, Citicorp Centre

18 Whitfield Road, Causeway Bay

Hong Kong

H share registrar and transfer office:

Computershare Hong Kong Investor Services Limited

Rooms 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

29 November 2024

To the Shareholders,

Dear Sir or Madam,

- (1) MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF AND NEW CONTINUING CONNECTED TRANSACTIONS;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 23 October 2024 in relation to, among others, the entering into of the IRICO Group Master Purchase Agreement, the Zhongdian IRICO Master Purchase Agreement and the Comprehensive Financial Cooperation Agreement and the transactions contemplated thereunder (including the respective proposed annual caps).

The purpose of this circular is to provide Shareholders with the following information, so that the Shareholders can make properly informed decisions on such resolutions at the EGM:

- (i) details of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (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 continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps);
- (iii) the letter from Octal Capital to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps);
- (iv) other information required to be disclosed under the Listing Rules; and
- (v) a notice of the EGM at which the resolutions will be proposed to consider and, if thought fit, to approve the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps).

LETTER FROM THE BOARD

II. THE CONTINUING CONNECTED TRANSACTION AGREEMENTS

1. IRICO Group Master Purchase Agreement

A. Background

On 23 October 2024, 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 raw materials, coating solution, ink and other materials of photovoltaic industry, and electricity, purchase of facilities and installation services, operation and maintenance services for photovoltaic production business by the Group from IRICO Group and its associates for the three years ending 31 December 2027. Details of the IRICO Group Master Purchase Agreement are set out below:

B. Major Terms of the IRICO Group Master Purchase Agreement

Date: 23 October 2024

Parties: (i) the Company; and
(ii) IRICO Group

Term: 1 January 2025 to 31 December 2027, 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 resolution 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.

LETTER FROM THE BOARD

Nature of transactions: The Group shall purchase raw materials, coating solution, ink and other materials of photovoltaic industry, electricity, purchase of facilities and installation services and maintenance services for photovoltaic production business from IRICO Group and its associates.

Pricing policy: (i) The prices for raw materials, coating solution, ink and other materials of photovoltaic industry, purchase of facilities and installation services and maintenance 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 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 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 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 the integrated consideration value 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.

LETTER FROM THE BOARD

- (ii) The prices for the electricity shall be negotiated 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. According to the "Notice of Anhui Province Development and Reform Commission on Matters Relating to the Adjustment of Price of Electricity Sales in the Province (Wan Fa Jia Ge [2020] No. 654)" (《安徽省發展改革委關於調整我省銷售電價有關事項的通知(皖發價格[2020]654)號》) (the "**Notice**") which took effect since 1 January 2021, the current state-prescribed rate of electricity for industrial and commercial use is approximately RMB0.9706 per kWh for peak period for the months of July, August and September and approximately RMB0.9078 per kWh for other months; approximately RMB0.5996 per kWh for regular period; and approximately RMB0.3599 per kWh for low period.

LETTER FROM THE BOARD

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 at least two 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.

LETTER FROM THE BOARD

- Other major terms:
- (i) IRICO Group agrees and guarantees that such products 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 products 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 products and services shall be no less favourable than those offered by independent third parties to the Company.
 - (ii) The Group 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 products, 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.
 - (iii) 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.
 - (iv) 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.

LETTER FROM THE BOARD

C. *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 ending 31 December 2024 are set out in the table below:

	Historical Transaction Amounts			Historical Annual Caps		
	For the	For the	For the	For the	For the	For the
	year ended	year ended	nine months	year ended	year ended	year ending
	31 December	31 December	30 September	31 December	31 December	31 December
	2022	2023	2024	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Fees paid by the Group to IRICO Group and its associates under the Previous IRICO Group Master Purchase Agreement	53,337	27,771	17,620	160,309	185,559	191,432

Notes:

The utilization rates of the historical annual caps for the Previous IRICO Group Master Purchase Agreement were approximately 33.3%, 15.0% and 12.3% for the two years ended 31 December 2023 and the nine months ended 30 September 2024 on an annualized basis, respectively.

As set out in the circular of the Company dated 15 December 2021 (the “**2021 Circular**”), the historical annual caps under the Previous IRICO Group Master Purchase Agreement for the three years ending 31 December 2024 were determined based on the estimation of the transactions including (i) purchase of packaging materials and raw materials; (ii) purchase of electricity; and (iii) purchase of facilities and ancillary services. Approximately 73.8%, 79.5% and 80.1% of the historical annual caps under the Previous IRICO Group Master Purchase Agreement was allocated to the purchase of packaging materials and raw materials for the three years ending 31 December 2024, respectively.

The utilization rate of the historical annual cap under the Previous IRICO Group Master Purchase Agreement for the year ended 31 December 2022 is relatively low, because the Group has introduced the recyclable packaging materials during the second half of 2022. Thus, the amount of purchase of packaging materials transaction under the Previous IRICO Group Master Purchase Agreement for the year ended 31 December 2022 was significantly reduced and only approximately 26.2% of the historical annual caps for the purchase of packaging materials for the year ended 31 December 2022 was utilized. Furthermore, the member of IRICO Group which supplies the packaging materials and raw materials to the Group was disposed of by IRICO Group in January 2023. Thus, the transactions were no longer classified as the Group’s continuing connected transactions thereafter and the related annual caps for the two years ending 31 December 2024 have not been utilized.

LETTER FROM THE BOARD

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

The Directors propose the annual caps for the three years ending 31 December 2027 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	For the	For the
	year ending	year ending	year ending
	31 December	31 December	31 December
	2025	2026	2027
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Maximum fees payable			
by the Group to IRICO			
Group and its associates			
under the IRICO			
Group Master Purchase			
Agreement	<u>117,180</u>	<u>144,240</u>	<u>149,220</u>

LETTER FROM THE BOARD

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 Company's estimate of its business needs for the three years ending 31 December 2027, including: (a) the Company focuses on the development of their solar photovoltaic glass as main business. In order to further enhance the competitive advantages of the four major photovoltaic glass industry bases in Hefei, Yan'an, Shangrao and Xianyang, the Group, relying on the research and development platform of its technology centre, focused on promoting the development of thin, all-steel and high-transmittance photovoltaic glass products, as well as differentiated photovoltaic glass and other products. New products such as 1.6mm ultra-thin, colourless double-layer coating and black glazed products have achieved mass production and sales, and the development of all-steel products advanced in an orderly manner as planned; (b) the expenses to be incurred by the Group for the purchase of coating solution, ink and other raw materials are estimated to be approximately RMB57.4 million, RMB66.3 million and RMB71.3 million for the three years ending 31 December 2027, respectively; (c) the expenses to be incurred for the purchase of the electricity required for the actual operation of the Group's Hefei base are estimated to be approximately RMB25.2 million, RMB25.2 million and RMB25.2 million for the three years ending 31 December 2027, respectively; the expenses to be incurred for the purchase of the facilities and installation services are estimated to be approximately RMB7.8 million for the year ending 31 December 2025; and the expenses to be incurred for the purchase of the operation and maintenance services for photovoltaic rooftop power plant are estimated to be approximately RMB0.9 million, RMB0.9 million and RMB0.9 million for the three years ending 31 December 2027, respectively; and (d) the expenses to be incurred for the purchase of facilities, installation and operation and maintenance services for photovoltaic power generation of the Group's Shangrao base are estimated to be approximately RMB25.9 million, RMB51.8 million and RMB51.8 million for the three years ending 31 December 2027, respectively;

LETTER FROM THE BOARD

- (ii) the estimated transaction amounts for the relevant products and services. The proposed annual caps under the IRICO Group Master Purchase Agreement for the three years ending 31 December 2027 are mainly determined based on the estimation of the transactions including (a) purchase of raw materials which are mainly coating solution and ink used in the production of the solar photovoltaic glass products produced by the Group, for which the estimated transaction amounts are approximately RMB57.4 million, RMB66.3 million and RMB71.3 million for the three years ending 31 December 2027, respectively; (b) purchase of electricity provided by IRICO Group, for which the estimated transaction amounts are approximately RMB25.2 million, RMB25.2 million and RMB25.2 million for the three years ending 31 December 2027, respectively; and (c) purchase of facilities and ancillary services provided by IRICO Group, for which the estimated transaction amounts are approximately RMB34.6 million, RMB52.7 million and RMB52.7 million for the three years ending 31 December 2027, respectively;
- (iii) the estimated quantity and/or estimated price for the relevant products and services. The estimated quantity of coating solution for the three years ending 31 December 2027 is approximately 720 tonnes, 900 tonnes and 1,050 tonnes, respectively, while the estimated quantity of ink for the three years ending 31 December 2027 is approximately 960 tonnes, 1,080 tonnes and 1,120 tonnes, respectively. In addition, the Company expected to purchase an additional of approximately 7% and 9% of the total estimated procurement volume of coating solution from IRICO Group in 2026 and 2027, respectively, and an additional of approximately 2% and 3% of the total estimated procurement volume of ink from IRICO Group in 2026 and 2027, respectively, for the purpose to obtain better bargaining power for lower unit price. The Company estimated approximately 46.7 million kilowatt-hours of electricity will be purchased from IRICO Group for the three years ending 31 December 2027. Based on the Notice, the average unit price of electricity is approximately RMB0.61. IRICO Group further provides a 10.5% discount on unit price of electricity to the Group due to the government incentives they have received, and thus the unit price of electricity to be adopted is approximately RMB0.54. The Company currently estimates the market prices of the relevant raw materials, materials such as coating solution and ink, as well as electricity, purchase of facilities and installation services, and operation and maintenance services for photovoltaic production business or the Government-prescribed Price of the electricity, will be stable.

LETTER FROM THE BOARD

2. Zhongdian IRICO Master Purchase Agreement

A. *Background*

On 23 October 2024, the Company entered into the Zhongdian IRICO Master Purchase Agreement with Zhongdian IRICO, to renew the Previous Zhongdian IRICO Master Purchase Agreement and regulate the purchase of production line facilities and installation services, and other utilities and ancillary services, operation and maintenance services, other services by the Company from Zhongdian IRICO and its associates for the three years ending 31 December 2027. Details of the Zhongdian IRICO Master Purchase Agreement are set out below:

B. *Major Terms of the Zhongdian IRICO Master Purchase Agreement*

Date: 23 October 2024

Parties: (i) The Company; and
(ii) Zhongdian IRICO

Term: 1 January 2025 to 31 December 2027, subject to early termination by either party by giving at least three months' prior written notice to the other party. Zhongdian IRICO shall not unilaterally terminate the Zhongdian IRICO Master Purchase Agreement without written consent of the Company.

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 production line facilities and installation services, other utilities and ancillary services, operation and maintenance services and other services from Zhongdian IRICO and its associates.

LETTER FROM THE BOARD

Pricing policy:

The prices for production line facilities and installation services, other utilities and ancillary services, operation and maintenance services and other 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, other utility and ancillary services, operation and maintenance services and other 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) (in the case of Government-prescribed Price) in respect of the utilities required for production, the prices shall be determined by the relevant parties with reference to the Government-prescribed Price; or
- (c) 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 (with profit margin ranging from 5% to 10%). The reasonable costs primarily include raw materials, labour, taxation, management fee, etc.

“Government-prescribed Price” means the guidelines for prices applicable to facilities installation 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.

The pricing policies of cost plus reasonable profit (with profit margin ranging from 5% to 10%) are applicable to other utilities and ancillary services under the Zhongdian IRICO Master Purchase Agreement where there is no Government-prescribed Price, including softened water, chilled water, high pressure air, nitrogen, purified air, etc.

LETTER FROM THE BOARD

To ensure that prices to be charged by Zhongdian IRICO are not higher than those available from independent third parties, the designated persons of the Group will make comparison with relevant prices charged by at least two independent third parties in the same or nearby region or the actual costs incurred. In case there is an adjustment to the prices of utilities 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 each category of utilities will be reviewed by 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 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:

- (i) Zhongdian IRICO undertakes to the Company that it will supply, or procure a third party with the consent of the Company to supply the products and services required by the Company in accordance with the Company's requirements, and Zhongdian IRICO is not the only supplier of such products and services to the Company.

LETTER FROM THE BOARD

- (ii) Zhongdian IRICO agrees and guarantees that such products 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 products and services will be provided must be fair and reasonable. The conditions of the provision of the same type of products and services shall be no less favourable than those offered by independent third parties to the Group.
- (iii) 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.
- (iv) 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.
- (v) As the specific purchase agreements are simply further elaborations on the purchase of products and services contemplated under the Zhongdian IRICO Master Purchase Agreement, they do not constitute new categories of connected transactions.

LETTER FROM THE BOARD

C. Historical Figures

The historical amounts for the continuing connected transactions conducted under the Previous Zhongdian IRICO Master Purchase Agreement as well as the respective historical annual caps for the three years ending 31 December 2024 are set out in the table below:

	Historical Transaction Amounts			Historical Annual Caps		
	For the	For the	For the	For the	For the	For the
	year ended	year ended	nine months	year ended	year ended	year ending
	31 December	31 December	ended	31 December	31 December	31 December
	2022	2023	2024	2022	2023	2024
	(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 Master Purchase Agreement	45,591	175,426	35,355	334,902	467,156	515,103

Note:

The utilization rates of the historical annual caps for the Previous Zhongdian IRICO Master Purchase Agreement were approximately 13.6%, 37.6% and 9.2% for the two years ended 31 December 2023 and the nine months ended 30 September 2024 on an annualized basis, respectively.

As mentioned in the 2021 Circular and the circular of the Company dated 26 September 2022, the historical annual caps under the Previous Zhongdian IRICO Master Purchase Agreement for the three years ending 31 December 2024 were determined based on the estimation of the transactions including (i) purchase of raw materials; (ii) purchase of production line facilities and installation services; (iii) purchase of kinetic facilities operation and maintenance services; and (iv) purchase of medical examination services and others.

Approximately 77.0%, 59.9% and 53.6% of the historical annual caps under the Previous Zhongdian IRICO Master Purchase Agreement was allocated to the purchase of production line facilities and installation services for the three years ending 31 December 2024, respectively. The utilization rates of the historical annual caps for the purchase of production line facilities and installation services under the Previous Zhongdian IRICO Master Purchase Agreement were approximately 4.3%, 48.1% and 2.4% for the two years ended 31 December 2023 and the nine months ended 30 September 2024, respectively.

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The low utilization rates of the historical annual caps for the purchase of production line facilities and installation services under the Previous Zhongdian IRICO Master Purchase Agreement were mainly due to (i) the outbreak of COVID-19 resulting in delay in construction projects, thus several production line facilities and installation services scheduled in 2022 had been postponed to 2023; (ii) the members of Zhongdian IRICO did not win or participate in the bidding processes of several production line facilities and installation services; and (iii) several production line facilities and installation services scheduled in 2024 had been delayed and not yet commenced. The above factors as well as change in customers' requirement for the raw materials have also reduced the purchase amount of kinetic facilities operation and maintenance services from Zhongdian IRICO. The number of medical examination services provided by the member of Zhongdian IRICO through the medical programme of member of the Group was less than the estimation, thus the medical examination services fee was not settled in full by the member of the Group.

The significant increase in the historical transaction amount for the year ended 31 December 2023 as compared to that for the year ended 31 December 2022 was mainly due to the significant increase in the Group's purchase of production line facilities and installation services in 2023 as compared to 2022 as a result of the advancement of the progress of the construction of the Jiangxi Photovoltaic project.

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

The Directors propose the annual caps for the three years ending 31 December 2027 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 31 December 2025 (RMB'000)	For the year ending 31 December 2026 (RMB'000)	For the year ending 31 December 2027 (RMB'000)
Maximum fees payable by the Company to Zhongdian IRICO and its associates under the Zhongdian IRICO Master Purchase Agreement	<u>140,514</u>	<u>140,184</u>	<u>146,709</u>

LETTER FROM THE BOARD

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 Company's estimate of its business needs for the three years ending 31 December 2027, including: (a) the expenses to be incurred for the purchase of production line facilities, installation, operation and maintenance services to ensure normal operation of the four major photovoltaic glass industry bases in Hefei, Yan'an, Shangrao and Xianyang are estimated to be approximately RMB20.1 million, RMB19.8 million and RMB26.3 million for the three years ending 31 December 2027, respectively; and (b) the expenses of utilities required for the production of the Group's bases in Yan'an and Hefei are estimated to be approximately RMB120.4 million, RMB120.4 million and RMB120.4 million for the three years ending 31 December 2027, respectively;
- (ii) the estimated transaction amounts for the relevant products and services. The proposed annual caps under the Zhongdian IRICO Master Purchase Agreement for the three years ending 31 December 2027 are mainly determined based on the estimation of the transactions, including (a) purchase of electricity and liquefied natural gas ("LNG") from Zhongdian IRICO, for which the estimated transaction amounts are the same for the three years ending 31 December 2027 amounting to approximately RMB120.4 million; and (b) purchase of installation and construction services and kinetic facilities operation and maintenance services for kinetic facilities of the Group, including the electricity facilities, waste water facilities, waste heat power generation facilities, LNG facilities and oxygen facilities. For the installation and construction services, there is approximately RMB5 million of the estimated transaction amounts for the repair and upgrade of the kinetic facilities for each of the year 2025, 2026 and 2027. There are two construction and installation projects in Xianyang base which have been completed and of which the final bills are expected to be settled in 2025 and included in the proposed annual cap for the year ending 31 December 2025. The estimated operation and maintenance services expenses for seven existing kinetic facilities amounts to approximately RMB9.1 million for each of the three years ending 31 December 2027 and the electricity facilities in Yan'an base amounts to approximately RMB3.5 million for each of the three years ending 31 December 2027. The Company also estimates an additional expense for the consumables cost for the operation and maintenance of the kinetic facilities provided by Zhongdian IRICO amounting to approximately RMB2.2 million, RMB2.2 million and RMB8.7 million for the three year ending 31 December 2027, respectively;

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- (iii) the estimated quantity and/or estimated price for the relevant products and services. The Company expects approximately 156.8 million kilowatt-hours of electricity will be purchased from Zhongdian IRICO for each of the three years ending 31 December 2027. For the unit price of the electricity, the Company adopts an estimated unit price of approximately RMB0.704 for the three years ending 31 December 2027 which has made reference to the price of electricity purchased from the state grid. The Company expects to purchase approximately 1,514 tonnes of LNG from Zhongdian IRICO for each of the three years ending 31 December 2027, representing approximately 10% of the total LNG usage of Hefei base in November and December 2023, being the peak of LNG usage. The Company estimated the unit price of LNG to be approximately RMB6,581 per tonne for the three years ending 31 December 2027 based on the reference price of LNG announced by the Development and Reform Commission of Hefei City in December 2022 of approximately RMB4.57 per cubic meter (equivalent to approximately RMB6,581 per tonne). The Company currently estimates the market prices or the Government-prescribed Price of the relevant products and services will be stable; and
- (iv) the historical amounts of transactions under the Previous Zhongdian IRICO Master Purchase Agreement for the year ended 31 December 2023.

LETTER FROM THE BOARD

3. Comprehensive Financial Cooperation Agreement

A. Background

The Company entered into the Comprehensive Financial Cooperation Agreement with CEC Finance on 23 October 2024 to regulate the provision of general credit, fund settlement and other services by CEC Finance to the Group from the Effective Date. Details of the Comprehensive Financial Cooperation Agreement are set out below:

B. Major Terms of the Comprehensive Financial Cooperation Agreement

Date: 23 October 2024

Parties: (i) The Company; and
(ii) CEC Finance

Term: Three years from the Effective Date

Conditions precedent: The Comprehensive Financial Cooperation Agreement is conditional upon the resolution regarding the transactions contemplated under the Comprehensive Financial Cooperation Agreement in respect of the provision of fund settlement services by CEC Finance to the Group (including the proposed annual caps) being approved by the Independent Shareholders at the EGM.

The Comprehensive Financial Cooperation Agreement shall become effective upon the date of its approval at the EGM (the “**Effective Date**”).

LETTER FROM THE BOARD

Scope of services: CEC Finance shall provide the Group with general credit, fund settlement and other services. The details are as follows:

- (i) Fund settlement services: CEC Finance shall provide fund settlement business services for the Group to assist the Group in realising the smooth receipt and payment of transaction funds, including but not limited to the following settlement business lines: receipt and payment of transaction amount, settlement and sale of foreign exchange, deposits taking, and handling term deposits, call deposits, agreement deposit, etc.. CEC Finance shall install online banking systems for relevant enterprises, provide statements on a regular basis, and provide special computers for fund settlement to relevant enterprises whose fund settlement flows and balances have reached a certain scale.
- (ii) General credit services: CEC Finance shall provide credit facilities to the Group in accordance with the credit rules to promote the stable development of the Group's production and operation. The scope of use of the credit limit under the Comprehensive Financial Cooperation Agreement includes, but is not limited to, the following types of credit facilities: domestic and foreign currency loans, acceptance and discounting of commercial promissory notes, factoring of accounts receivable, non-financing letters of guarantee, etc..
- (iii) Other services: CEC Finance shall provide the Group with other financial services such as fund management, discounting of bankers' acceptances, commission agencies, issuance of proof of funds, loan commitments, general planning and consultancy as well as specialised financial consultancy.

LETTER FROM THE BOARD

Pricing policy and
payment term:

The service charges for deposit rates, loan rates and other financial services under the Comprehensive Financial Cooperation Agreement shall be determined with reference to the level of service charges for the provision of similar deposit rates, loan rates and other financial services offered/charged by commercial banks in the PRC during the same period. The payment terms shall be entered into on market terms which are no less favourable than those available from independent third parties. The pricing policy and payment terms are as follows:

- (i) Fund settlement services: For the Group's fund balances with CEC Finance, CEC Finance shall guarantee to release the full amount in a timely manner in accordance with the Group's instructions and to pay interest on the deposits at a rate not lower than the deposit rates of domestic commercial banks for the same period. Interest shall be accrued by CEC Finance in accordance with the daily cumulative calculation method and settled on a quarterly basis;
- (ii) General credit services: For the financing obtained by the Group from CEC Finance, interest on loans shall be charged by CEC Finance at an overall rate not higher than the interest rates for the same type of loans from domestic commercial banks for the same period. Interest shall be accrued by CEC Finance in accordance with the daily cumulative calculation method and settled on a quarterly basis;

LETTER FROM THE BOARD

- (iii) Other services: (a) CEC Finance shall provide the Group with other financial services such as fund management, commission agencies, non-financial letters of guarantee, proof of funds and loan commitments, at a fee rate not higher than that of similar fees charged by domestic commercial banks during the same period; (b) CEC Finance shall make full use of its advantages in financial resources and expertise to provide specialised services of financial consultancy and organisational underwriting for the Group's successful issuance of corporate bonds and issuance of special financing for medium-term notes, and the standard of fees charged by CEC Finance in respect of such specialised financial consultancy services shall not be higher than that charged by domestic financial institutions during the same period; and (c) CEC Finance shall exempt the Group from the fund remittance fee for the Group's fund settlement with CEC Finance, the fee for the issuance of letter of inquiry by CEC Finance for the Group, and the fee for the general planning and consultancy services provided by CEC Finance for the Group, except for the aforesaid specialised financial consultancy services. The pricing of the transactions will follow the market-based principle, i.e. the Group and CEC Finance will further negotiate on an arm's length basis to determine the relevant fees payable in respect of other services prior to entering into any of the transactions with reference to the level of prices quoted by financial institutions in the market that meet the Group's internal control requirements for similar services in respect of the relevant types and content of the relevant services, so as to ensure that the terms and conditions thereof are fair and reasonable and are no less favourable than those offered by independent third parties.

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The Directors are of the view that such pricing policy and payment terms are fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Shareholders.

Other major terms:

- (i) The Group agrees to give maximum priority to the use of financial services provided by CEC Finance within the set caps. Before using the financial services provided by CEC Finance, the Group shall have the right to confirm whether the cooperation terms provided by CEC Finance are better or no less favourable than those provided by independent third parties through acquainting with the market conditions.
- (ii) Pursuant to Article 20 of the articles of association of CEC Finance, CEC, the substantial shareholder of CEC Finance, undertakes to increase the capital accordingly in accordance with the actual needs for resolving the payment difficulties in case of an emergency situation where CEC Finance has difficulties in making payments.

LETTER FROM THE BOARD

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

There are no historical amounts for the transactions contemplated under the Comprehensive Financial Cooperation Agreement.

The Directors propose the annual caps for the three years from the Effective Date in respect of the continuing connected transactions under the Comprehensive Financial Cooperation Agreement as set out in the table below:

	Proposed Caps		
	For the first year from the Effective Date (RMB'000)	For the second year from the Effective Date (RMB'000)	For the third year from the Effective Date (RMB'000)
General credit limit granted by CEC Finance to the Group	1,000,000	1,000,000	1,000,000
Proposed maximum daily balance of the Group's deposits with CEC Finance (including any accrued interest thereon)	1,000,000	1,000,000	1,000,000
Maximum annual transaction amounts payable by the Group to CEC Finance in respect of other services provided by CEC Finance	<u>300</u>	<u>300</u>	<u>300</u>

The general credit limit shall be revolving during the term, provided that the aggregate balance of the various types of credit within the line of credit shall not exceed the caps for the general credit limit. Given that the general credit services to be provided by CEC Finance to the Group under the Comprehensive Financial Cooperation Agreement are on normal commercial terms or better, which are similar to or more favourable than those offered by domestic commercial banks for the same type of loans during the same period, and the Group will not pledge any assets in connection with the general credit services, in accordance with Rule 14A.90 of the Listing Rules, such general credit services are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Since the highest applicable percentage ratios for the proposed annual caps for each of the three years from the Effective Date in respect of the continuing connected transactions on other services provided by CEC Finance to the Group contemplated under the Comprehensive Financial Cooperation Agreement are less than 0.1%, the continuing connected transactions, pursuant to Rule 14A.76(1) of the Listing Rules, are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The maximum daily balance of the Group's deposits under the Comprehensive Financial Cooperation Agreement was determined after taking into account the following principal factors:

- (i) the proposed annual caps for the general credit limit granted to the Group by CEC Finance for each of the three years from the Effective Date;
- (ii) the financial position of the Group. As at 30 June 2024, the Group's total current assets was approximately RMB3,522.2 million, in which approximately RMB1,020.8 million was bank deposit, representing approximately 29.0% of the total current assets;
- (iii) the expected deposit requirements of the Group for each of the three years from the Effective Date, including the Group is principally engaged in photovoltaic glass, the market demand for photovoltaic glass will increase in the future in line with the increase in environmental protection policies and the development of the new energy industry in China, the Group, as a leading enterprise in the industry, the volume of orders is expected to continue to increase, and the monetary funds of the Group will increase accordingly. It is expected that the Group's monetary funds for the three years from the Effective Date will increase by approximately RMB50 million, RMB50 million and RMB100 million; and
- (iv) taking into account the amount of interest income expected to be earned from CEC Finance. It is expected that the interest income to be earned by the Group from CEC Finance would be approximately RMB150,000 for each of the three years from the Effective Date at an estimated interest rate of 0.15% per annum with reference to the latest adjusted interest rate of 0.1% per annum for deposits by the four major state-owned banks with effect from 18 October 2024, and with reference to the interest income earned from placing similar amount of deposits with other major commercial banks in the PRC, the return on the deposits with CEC Finance is expected to be higher than the market level.

In view of the above, the Directors are of the view that the aforesaid proposed maximum daily balance of the Group's deposits in respect of the fund settlement services provided by CEC Finance under the Comprehensive Financial Cooperation Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

III. 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 the Company and IRICO Group or Zhongdian IRICO. The bulk purchase and sales of products/services is also economically beneficial to both the Company and IRICO Group or Zhongdian IRICO (as the case may be);
- (iii) meanwhile, IRICO Group or Zhongdian IRICO (as the case may be) possesses a number of national patents and has a professional team for the complete supply chain of electronic glass and smart manufacturing in the PRC and has the capacity to undertake large-scale construction projects such as the overall design and construction of electronic glass production lines and the integration of automated equipment systems for photovoltaic production lines, and can provide services to the Company for a series of construction projects proposed to be launched by the Company; and
- (iv) the interest rates on deposits and loans to be offered by CEC Finance to the Group will be equal to or more favorable than those offered by other major commercial banks in the PRC for similar deposits and loans. CEC Finance is a non-banking financial institution regulated by the People's Bank of China and the National Financial Regulatory Administration and provides services in accordance with the rules and operating requirements of such regulatory authorities. The Group is expected to benefit from CEC Finance's better knowledge of the Group's operations and its ability to provide more convenient and efficient services as compared to other commercial banks in the PRC. For example, if the Group considers that obtaining the loans and guarantees from CEC Finance is necessary for its business and financial needs, it is expected that the approval time for the loans and guarantees to be provided by CEC Finance will be shorter than that of other commercial banks. By entering into the Comprehensive Financial Cooperation Agreement with CEC Finance, the Group will be able to centralize the control and management of the Group's financial resources, thereby improving the utilization and efficiency of the use of funds and reducing its operational risks. This will also accelerate capital turnover, thereby reducing transaction costs and expenses, and further enhancing the level and effectiveness of the use of funds. At the same time, the financial services to be provided under the Comprehensive Financial Cooperation Agreement are diversified to meet the Group's business needs.

LETTER FROM THE BOARD

IV. 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, Zhongdian IRICO and CEC Finance to identify any transactions that may be at risk of exceeding the annual caps and any measures to be introduced in response to such transactions. The finance department of the Company is responsible for the counting and monitoring of the actual amount of continuing connected transactions at the end of each month, reporting to the Board regarding, among other things, implementation of the continuing connected transactions and the actual monetary amount of the continuing connected transactions conducted during each quarter from January to September and at the end of each month from October to December (or more frequently if necessary). 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 and the Comprehensive Financial Cooperation Agreement and the relevant 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.

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In addition, the Company has strict internal control policies over financial services transactions, including the following:

- (i) Before each new deposit, the relevant personnel of the finance department of the Company will, based on the Group's demand for deposits, compare the deposit interest rates quoted from other independent third parties (including at least three financial institutions and commercial banks in the PRC) and from the PBOC, and such research and comparison results will be reported by the relevant personnel of the finance department to the head of the finance department of the Company. Based on the aforementioned research and comparison results, the head of the finance department of the Company will make sure the interest rates receivable by the Company for the Company's deposits with CEC Finance shall not be lower than the interest rates receivable from those offered by other independent commercial banks for comparable deposits during the same period. Moreover, pursuant to the Comprehensive Financial Cooperation Agreement, CEC, the substantial shareholder of CEC Finance, undertakes to increase the capital accordingly in accordance with the actual needs for resolving the payment difficulties in case of an emergency situation where CEC Finance has difficulties in making payments, and the Group's deposits under the Comprehensive Financial Cooperation Agreement are guaranteed to a certain extent;
- (ii) The Group will adopt similar internal control measures for general credit services. Prior to entering into any loan transactions under the Comprehensive Financial Cooperation Agreement, the relevant personnel of the finance department of the Company will compare the interest rates quoted from other independent third parties (including at least three financial institutions and commercial banks in the PRC) and from the PBOC, and such research and comparison results will be reported by the relevant personnel of the finance department to the head of the finance department of the Company. Based on the aforementioned research and comparison results, the head of the finance department of the Company will ensure that the terms and conditions of each of the loan transactions under the Comprehensive Financial Cooperation Agreement are on normal commercial terms, which are no less favorable than those offered by other independent commercial banks in respect of comparable loans during the same period; and

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- (iii) For other services, the Group will also adopt similar internal control measures. Prior to entering into any other services transactions under the Comprehensive Financial Cooperation Agreement, the relevant personnel of the finance department of the Company will compare the quotations and market quotation levels from other independent third parties (including at least three financial institutions and commercial banks in the PRC), and such research and comparison results will be reported by the relevant personnel of the finance department to the head of the finance department of the Company. Based on the aforementioned research and comparison results, the head of the finance department of the Company will ensure that the terms and conditions of each of the transactions under the Comprehensive Financial Cooperation Agreement in respect of the other services are on normal commercial terms, which are no less favorable than those offered by other independent commercial banks in respect of comparable transactions during the same period.

By adopting the policies set out above, the Company can ensure that (i) the interest rates receivable by the Group for its deposits shall not be lower than the interest rates offered by other independent commercial banks for comparable deposits in the PRC during the same period in order to ensure the safety and yield on the deposited funds; and (ii) the loan interest rates and service fees charged by CEC Finance shall not be higher than that charged by other independent commercial banks for providing comparable loans and services in the PRC during the same period.

The Directors consider that the above internal control measures over continuing connected transactions adopted by the Company are appropriate and that the above procedures and measures provide sufficient assurance to the Shareholders that such continuing connected transactions will be properly overseen by the Company.

V. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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 between the Company and IRICO Group constitute continuing connected transactions of the Company.

As at the Latest Practicable Date, Zhongdian IRICO, which directly holds approximately 14.30% of the issued share capital of the Company, is a substantial Shareholder of the Company 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.

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As at the Latest Practicable Date, CEC Finance is a subsidiary of CEC, and thus is an associate of CEC and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Comprehensive Financial Cooperation Agreement between the Company and CEC Finance constitute continuing connected transactions of the Company.

Since each of the highest applicable percentage ratios for the proposed annual caps for each of the three years ending 31 December 2027 in respect of the continuing connected transactions contemplated under each of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement; and the proposed annual caps for each of the three years from the Effective Date in respect of the daily maximum deposit balance of the fund settlement services provided by CEC Finance to the Group contemplated under the Comprehensive Financial Cooperation Agreement exceeds 5%, the continuing connected transactions contemplated under the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the proposed annual caps in respect of the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group exceeds 25%, the transactions thereunder constitute a major transaction and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the general credit services to be provided by CEC Finance to the Group under the Comprehensive Financial Cooperation Agreement are conducted on normal commercial terms or better, which are similar to or more favourable than those offered by domestic commercial banks for the same type of loans during the same period, and the Group will not pledge any assets in connection with the general credit services, in accordance with Rule 14A.90 of the Listing Rules, such general credit services are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio for the proposed annual caps for each of the three years from the Effective Date in respect of the continuing connected transactions on other services provided by CEC Finance to the Group contemplated under the Comprehensive Financial Cooperation Agreement is less than 0.1%, the continuing connected transactions, pursuant to Rule 14A.76(1) of the Listing Rules, are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

VI. GENERAL INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in research and development, production and sales of solar photovoltaic glass.

IRICO Group

IRICO Group is a wholly state-owned enterprise established in 1982 under the laws of the PRC and is wholly-owned by China Electronics Corporation Limited (which is a non-wholly owned subsidiary of CEC and is directly held as to approximately 81.66% by CEC, and as at the Latest Practicable Date, there is no other shareholder who holds more than 10% of the equity interest in China Electronics Corporation Limited). IRICO Group is principally engaged in the research, development, manufacture and sale of colour display devices, colour television sets, monitors and their auxiliary products, electronic devices, electronic vacuum devices, electronic products, opto-electronic information materials, microelectronic materials, devices and components, solar photovoltaic cells and their components; solar photovoltaic system integration; and import and export business, etc..

CEC

CEC is a wholly state-owned enterprise established in 1989 under the laws of the PRC, and is principally engaged in the scientific research, development, design, manufacture and product ancillary sales of electronic raw materials, electronic devices and components, electronic instruments and meters, complete sets of electronic products, electronic application products and systems, special electronic equipment, auxiliary products and software; general contracting and organization and management of electronic application system projects, construction projects, communication projects and water treatment projects. CEC is the ultimate controlling shareholder of the Company and indirectly holds approximately 74.90% of the issued share capital of the Company through IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited, Zhongdian Financial Investment and Zhongdian IRICO.

LETTER FROM THE BOARD

Zhongdian IRICO

Zhongdian IRICO is a state-controlled enterprise established in 2013 under the laws of the PRC and is directly held as to 72.08% and 27.92% by China Electronics Corporation Limited and IRICO Group, respectively, and is principally engaged in the research and development, service, transfer of electronic information technology; investment in information industry, real estate industry, commerce and trade business with self-owned capital and assets operation (non-monetary assets) and management services; purchase and sales of LCD glass substrate, glass products and raw materials, photovoltaic products, components and raw materials, electronic products and raw materials; and integration, research and development, manufacture of automation equipment and intelligent control systems, etc..

CEC Finance

CEC Finance is a non-wholly owned subsidiary of CEC and was, as at the Latest Practicable Date, insofar as the Board is aware, held:

- (i) as to approximately 57.66% by CEC;
- (ii) as to approximately 23.61% by 南京中電熊貓信息產業集團有限公司(Nanjing Panda Information Industry Group Co., Ltd.*), which is in turn ultimately owned by CEC as to approximately 79.24%, the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government as to approximately 17.68%, and the Jiangsu Provincial People's Government as to approximately 3.08%;
- (iii) as to approximately 5.37% by 武漢中原電子集團有限公司(Wuhan Zhongyuan Electronics Group Co., Ltd.*), which is indirectly wholly-owned by 中國長城科技集團股份有限公司(China Greatwall Technology Group Co., Ltd.*), a company listed in the Shenzhen Stock Exchange (Stock Code: 000066), which is in turn controlled by CEC;
- (iv) as to approximately 4.66% by 中國電子進出口有限公司(China Electronics Import and Export Company Limited*), which is indirectly wholly-owned by CEC;
- (v) as to approximately 3.93% by 中國振華電子集團有限公司(China Zhenhua Electronics Group Co., Ltd.*) ("**Zhenhua Electronics**"), which is in turn ultimately owned as to approximately 54.28% by CEC, as to approximately 31.30% by 貴州省黔晟國有資產經營有限責任公司(Guizhou Qiansheng State-owned Assets Management Co., Ltd.*), as to approximately 10.61% by China CITIC Financial Asset Management Co., Ltd., a company listed in the Stock Exchange (Stock Code: 2799), as to approximately 3.57% by 中國長城資產管理股份有限公司(China Great Wall Asset Management Co., Ltd.*) and as to approximately 0.25% by 中國東方資產管理股份有限公司(China Orient Asset Management Co., Ltd.*);

LETTER FROM THE BOARD

- (vi) as to approximately 2.12% by 中國振華(集團)科技股份有限公司(China Zhenhua (Group) Science & Technology Co., Ltd.*), a company listed in the Shenzhen Stock Exchange (Stock Code: 000733), which is in turn controlled by Zhenhua Electronics;
- (vii) as to approximately 2.02% by 中電智能卡有限責任公司(China Electronics Smart Card Co., Ltd.*), which is in turn ultimately owned by CEC as to approximately 60.47%, 公安部第一研究所(First Research Institute of the Ministry of Public Security of the People's Republic of China*) as to approximately 37.21%, and Chongqing State-owned Assets Supervision and Administration Commission as to approximately 2.33%; and
- (viii) as to approximately 0.63% by 中國中電國際信息服務有限公司 (China Electronics International Information Service Company Limited*), which is indirectly wholly-owned by CEC.

CEC Finance is principally engaged in absorbing deposits from member units; handling borrowing of member units; handling discounted notes of member units; handling fund settlement and payment of member units; providing the businesses of entrusted borrowings, bond underwriting, non-financing letters of guarantee, financial advisory, credit verification and consulting agency to member units; interbank lending; handling bill acceptance of member units; investments in fixed-income marketable securities.

VII. EGM

The EGM will be held at the conference room on the 2nd Floor at C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the PRC at 9:00 a.m. on Thursday, 19 December 2024. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. The notice of the EGM and the proxy form for use at the EGM have been published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.irico.com.cn/en>) on Friday, 29 November 2024.

For the purpose of determining eligibility to attend and vote at the EGM, the register of the members of the Company will be closed from Monday, 16 December 2024 to Thursday, 19 December 2024, both days inclusive. During such period, no transfers of the Company's shares will be registered. In order to be entitled to attend and vote at the EGM, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 13 December 2024.

LETTER FROM THE BOARD

Holders of H shares whose names appear on the Company's register of the members of H shares at the close of business on Monday, 16 December 2024 are entitled to attend the EGM, and are entitled to appoint one or more proxies, to attend and vote on his behalf at the EGM according to the articles of association of the Company. A proxy needs not be a shareholder of the Company.

The appointment of the proxy by completing the enclosed "PROXY FORM FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON 19 DECEMBER 2024" (the "**Proxy Form**") must be in writing by hand of the appointer or his attorney duly authorised in writing. If the Proxy Form is signed by the attorney or any other person authorised by the appointer, the power of attorney or other authority must be notarized. If the appointer is a corporation, the Proxy Form shall be executed under seal or shall be executed by its director or a duly authorised person. In respect of the holders of H shares, the notarized power of attorney or other authority together with the Proxy Form must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no less than 24 hours before the time appointed for holding the EGM (i.e. no later than 9:00 a.m. on Wednesday, 18 December 2024) or any adjournment thereof. In respect of the holders of domestic shares, the above documents should be delivered to the office of the secretary of the Board of the Company at C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the PRC within the same period.

Voting at the EGM

CEC and its associates, including IRICO Group and its subsidiary, Rui Bou Electronics (HK) Limited, Zhongdian Financial Investment and Zhongdian IRICO, who are interested in an aggregate of approximately 74.90% of the issued share capital of the Company as at the Latest Practicable Date, 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 continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (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 IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group and therefore will be required to abstain from voting to approve the relevant resolutions at the EGM.

LETTER FROM THE BOARD

For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at the EGM in respect of any treasury Shares held by them, if any.

VIII. RECOMMENDATION OF THE BOARD

At the Board meeting held to approve the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, certain Directors, namely Ms. Yang Hua, Mr. Fang Zhongxi and Mr. Wang Dong, by virtue of their respective senior positions in IRICO Group, may be deemed to have material interests in the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase 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 the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement. In addition, none of the Directors has a material interest in the transactions contemplated under the Comprehensive Financial Cooperation Agreement, and no Director has abstained from voting on the Board resolutions approving the relevant agreement and the transactions contemplated thereunder (including the respective proposed annual caps).

The Independent Board Committee has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps). In this connection, Octal Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps).

LETTER FROM THE BOARD

Based on the relevant information disclosed herein, the Directors (including the independent non-executive Directors, who have expressed their opinions after obtaining and considering the advice and recommendation from the Independent Financial Adviser) are of the view that, the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps) are 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.

Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of all the resolutions at the EGM.

IX. VOTING BY POLL

Voting on all the resolutions to be proposed at the EGM will be taken by poll in accordance with the Rule 13.39(4) of the Listing Rules.

X. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 38 to 39 of this circular, the letter from Octal Capital set out on pages 40 to 66 of this circular and the other information set out in the appendices to this circular and the notice convening the EGM.

By order of the Board
IRICO Group New Energy Company Limited*
Yang Hua
Chairlady

* *For identification purpose only*



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)

29 November 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed to form an independent board committee to consider and advise you in connection with the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps), details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 29 November 2024 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser respectively set out on pages 1 to 37 and pages 40 to 66 of the Circular, and the additional information set out in the appendices to the Circular.

Having considered the information contained in the letter from the Board and the advice and recommendations given by the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps) are 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps).

Yours faithfully,

IRICO Group New Energy Company Limited*
Mr. Su Kun Mr. Li Yong Ms. Hao Meiping
Independent Board Committee

* *For identification purpose only*



801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

29 November 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF AND NEW CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the IRICO Group Master Purchase Agreement, the Zhongdian IRICO Master Purchase Agreement and the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 29 November 2024 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, the Company announced on 23 October 2024 that the Company entered into:

- (i) the IRICO Group Master Purchase Agreement with IRICO Group, to renew the Previous IRICO Group Master Purchase Agreement and regulate the purchase of raw materials, coating solution, ink and other materials of photovoltaic industry, and electricity, purchase of facilities and installation services, operation and maintenance services for photovoltaic production business by the Group from IRICO Group and its associates for the three years ending 31 December 2027;
- (ii) the Zhongdian IRICO Master Purchase Agreement with Zhongdian IRICO, to renew the Previous Zhongdian IRICO Master Purchase Agreement and regulate the purchase of production line facilities and installation services, and other utilities and ancillary services, operation and maintenance services, other services by the Company from Zhongdian IRICO and its associates for the three years ending 31 December 2027; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the Comprehensive Financial Cooperation Agreement with CEC Finance to regulate the provision of general credit, fund settlement and other services by CEC Finance to the Group for three years from the Effective Date.

As at the Latest Practicable Date, 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 between the Company and IRICO Group constitute continuing connected transactions of the Company.

As at the Latest Practicable Date, Zhongdian IRICO, which is directly held as to approximately 14.30% of the issued share capital of the Company, is a substantial shareholder of the Company 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 Latest Practicable Date, CEC Finance is a subsidiary of CEC, and thus is an associate of CEC and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Comprehensive Financial Cooperation Agreement between the Company and CEC Finance constitute continuing connected transactions of the Company.

Since each of the highest applicable percentage ratios for the proposed annual caps for each of the three years ending 31 December 2027 in respect of the continuing connected transactions contemplated under each of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement; and the proposed annual caps for each of the three years from the Effective Date in respect of the daily maximum deposit balance of the fund settlement services provided by CEC Finance to the Group contemplated under the Comprehensive Financial Cooperation Agreement exceeds 5%, the continuing connected transactions contemplated under the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the proposed annual caps in respect of the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group exceeds 25%, the transactions thereunder constitute a major transaction and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all of the independent non-executive Directors namely Mr. Su Kun, Mr. Li Yong, and Ms. Hao Meiping, has been formed to advise the Independent Shareholders in respect of the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps). We, Octal Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we are not connected with the Group, IRICO Group, Zhongdian IRICO, CEC or CEC Finance or where applicable, any of their respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. During the last two years, there has been no other engagement entered into between the Company and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders.

Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group, IRICO Group, Zhongdian IRICO, CEC or CEC Finance or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice, among other things, (i) list of estimated purchases of materials, utilities and services for the three years ending 31 December 2027; (ii) samples of quotations or contracts of the comparable products and utilities and comparable services; (iii) the list of deposit services utilized by the Group for the nine months ended 30 September 2024; (iv) the reference interest rate of deposit services to be provided by CEC Finance to the Group; (v) the interim report of the Company for the six months ended 30 June 2024 (the “**1H2024 Interim Report**”); (vi) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); and (vii) internal control policies governing the connected transactions of the Company. We have no reason to suspect that

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, IRICO Group, Zhongdian IRICO, CEC or CEC Finance and their respective controlling shareholder(s) and associates nor have we carried out any independent verification of the information supplied.

THE CONTINUING CONNECTED TRANSACTIONS AND THE PROPOSED ANNUAL CAPS

Principal factors and reasons considered

In arriving at our opinion regarding the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement and the continuing connected transactions contemplated thereunder, and the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group (including the respective proposed annual caps) (the “**Continuing Connected Transactions**”), we have considered the following principal factors and reasons:

1. Background of the Continuing Connected Transactions

General information of the parties of the Continuing Connected Transactions

As set out in the Letter from the Board, the Company is principally engaged in research and development, production and sales of solar photovoltaic glass.

IRICO Group is principally engaged in the research, development, manufacture and sale of colour display devices, colour television sets, monitors and their auxiliary products, electronic devices, electronic vacuum devices, electronic products, opto-electronic information materials, microelectronic materials, devices and components, solar photovoltaic cells and their components; solar photovoltaic system integration; and import and export business, etc.

Zhongdian IRICO is principally engaged in the research, development, service, transfer of electronic information technology; investment in information industry, real estate industry, commerce and trade business with self-owned capital and assets operation (non-monetary assets) and management services; purchase and sales of LCD glass substrate, glass products and raw materials, photovoltaic products, components and raw materials, electronic products and raw materials; and integration, research and development, manufacture of automation equipment and intelligent control systems, etc.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CEC Finance is principally engaged in absorbing deposits from member units; handling borrowing of member units; handling discounted notes of member units; handling fund settlement and payment of member units; providing the businesses of entrusted borrowings, bond underwriting, non-financing letters of guarantee, financial advisory, credit verification and consulting agency to member units; interbank lending; handling bill acceptance of member units; investments in fixed-income marketable securities.

Summary of the products and services offering under the Continuing Connected Transactions

Set out below is a summary of the nature of the transactions of the Continuing Connected Transactions:

Agreement	Description of transactions
The IRICO Group Master Purchase Agreement	Purchase raw materials, coating solution, ink and other materials of photovoltaic industry, electricity, purchase of facilities and installation services and maintenance services for photovoltaic production business from IRICO Group and its associates
The Zhongdian IRICO Master Purchase Agreement	Purchase production line facilities and installation services, other utilities and ancillary services, operation and maintenance services and other services from Zhongdian IRICO and its associates
The Comprehensive Financial Cooperation Agreement	Provide the Group with general credit, fund settlement and other services, including but not limited: receipt and payment of transaction amount, settlement and sale of foreign exchange, deposits taking, and handling term deposits, call deposits, agreement deposit, etc.

The Company entered into the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement so as to renew the Previous IRICO Group Master Purchase Agreement and the Previous Zhongdian IRICO Master Purchase Agreement, both of which will be expired on 31 December 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our review of the proposed product and service mix provided by the Group, we understood that the raw materials to be procured under the IRICO Group Master Purchase Agreement are mainly coating solution and ink which are used in the production of the solar photovoltaic glass products produced by the Group (the “**IRICO Group Materials**”). The facilities and ancillary services (the “**IRICO Group Services**”) and electricity (the “**IRICO Group Utilities**”) provided by IRICO Group under the IRICO Group Master Purchase Agreement are procured by the Group for the operation, upgrade and maintenance of production facilities in Hefei and Shangrao for the three years ending 31 December 2027.

On the other hand, the facilities and ancillary services (the “**Zhongdian IRICO Services**”) and electricity (the “**Zhongdian IRICO Utilities**”) provided by Zhongdian IRICO under the Zhongdian IRICO Master Purchase Agreement are procured by the Group for the operation and maintenance of production facilities located in Yan’an, Hefei, Shangrao and Xianyang for the three years ending 31 December 2027.

Furthermore, the fund settlement services (the “**CEC Fund Settlement Services**”) provided by CEC Finance under the Comprehensive Financial Cooperation Agreement are utilized by the Group for receipt and payment of transaction amount, settlement and sale of foreign exchange, deposits taking, and handling term deposits, call deposits, agreement deposit, etc for the three years from the Effective Date.

2. Industry overview

The latest developments in the photovoltaic energy sector in the PRC reflect a concerted effort towards achieving ambitious environmental goals outlined in national strategic plans. The “Fourteenth Five-Year Plan for Renewable Energy Development,” published by the National Development and Reform Commission, sets clear targets for PRC to peak its carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. These objectives have been key drivers in propelling the growth of the solar photovoltaic industry. The National Energy Administration released the “2024 Energy Work Guidance” in March 2024, emphasize the optimization of the energy structure, aiming to increase the share of non-fossil energy generation capacity to around 55%.

In 2023, the PRC has made significant strides in solar energy capacity expansion, with the cumulative installed capacity of solar power reaching 610 million kilowatts-hours, representing a remarkable increase of approximately 55.2% compared to that of 2022. The solar photovoltaic sector witnessed a historic milestone with an addition of 216.88 gigawatts of new installed capacity, representing a 148% year-on-year growth. Moreover, data from the National Bureau of Statistics indicates that, large-scale industrial enterprises generated a cumulative solar power of 294 billion kilowatt-hours in 2023, representing an increase of approximately 17.2% compared to that of 2022.

However, the production capacity of photovoltaic glass manufacturing companies continue to expand, but the overall growth of the photovoltaic industry materially slowed down due to fluctuations in the demand of component manufacturers, resulting in continuous decline in the price of photovoltaic glass in 2024. According to the analysis issued by China Photovoltaic Industry Association, the risk of overcapacity in the photovoltaic industry will continuously increase in the future. The future development of the photovoltaic glass industry in the PRC is poised to undergo significant transformations driven by technological advancements and evolving production methods. As companies adopt new technologies and upgrade production lines, the industry chain is expected to experience increased volatility, leading to a more pronounced differentiation among players in terms of capacity utilization and profitability. Photovoltaic firms in the PRC will face intensified competition on both cost and technology fronts, amidst a backdrop of sluggish demand growth for photovoltaic products domestically.

3. Reasons and benefits of the Continuing Connected Transactions

Recent development and development plan of the Group

According to the 2023 Annual Report, the production and sales volume of thin, large-size and double-layer coating photovoltaic glass products remained at a steady increase. The production and operation of the Group's Hefei base maintained stable operation, the renovation and upgrading of Yan'an base progressed smoothly, and the new production capacity of the Shangrao base and Xianyang base was released rapidly, thus further enhancing the economies of scale and synergy among the Group's four major production bases.

Hefei base actively laid out the research and development of new photovoltaic glass products and technology reserves, achieving significant progress in the development of energy-saving technologies for photovoltaic glass furnaces and engineering application and made breakthroughs the research and development of colourless double-layer coating and 1.6mm thin photovoltaic glass products. Currently, it has the capacity for mass production.

Yan'an base carried out renovation and upgrading of photovoltaic glass furnaces and production lines to meet the demand for supply of ultra-thin and wide-width large-size products in the photovoltaic glass market. It has the production capacity of 210 large-size and thin products and 1.6mm thin photovoltaic glass products. The construction and installation of furnaces and production line equipment were progressed smoothly. The construction is expected to be completed and commence operation in first quarter of 2025 (the "**Yan'an Construction Project**").

The three photovoltaic glass furnaces of Phase I of Shangrao base and supporting deep-processing production lines for the production of 2.0mm photovoltaic glass products in Shangrao base have entered full-scale production and operation since March 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Xianyang base completed and put into operation the five deep-processing production lines for ultra-thin, double-film, high-transmissivity and large-size photovoltaic glass. Xianyang base is focusing on all-steel products of less than 2.0mm. The construction of intelligent and digital factory in Xianyang base has been completed in December 2023.

In order to support the operation of the above four production bases, it is necessary for the Group to enter into the IRICO Group Master Purchase Agreement and the Zhongdian IRICO Master Purchase Agreement to continue the procurement of operation and maintenance services from IRICO Group and Zhongdian IRICO.

As advised by the management of the Company, Shangrao base has planned to construct a photovoltaic rooftop power plant with a total installed capacity of 24 megawatt peak and a total electricity generation of approximately 2,300 kilowatt-hours (the “**Rooftop Project**”) with the aim to support the electricity require for the operation and reduce the production cost. The construction of the Rooftop Project is expected to be commenced in 2025 and completed in 2027. IRICO Group possesses a number of national patents and has a professional team for the complete supply chain of electronic glass and smart manufacturing in the PRC and has the capacity to undertake large-scale construction projects which can provide services to the Company for the Rooftop Project.

Performance of the solar photovoltaic business of the Group

As set out in the 2023 Annual Report, the Group recorded operating revenue from its principal business of approximately RMB3,111.03 million for the year ended 31 December 2023, representing a year-on-year increase of approximately RMB674.09 million or 27.7%, which was mainly due to the Group continued to cultivate the main business and gradually released new production capacity. The Group recorded net loss of approximately RMB231.0 million for the year ended 31 December 2023 and a net profit of approximately RMB89.2 million of the year ended 31 December 2022. The Group turn from net profit to net loss was mainly due to (i) the decrease in prices of solar photovoltaic glass products; (ii) the increase in operating cost due to the increase in price of natural gas; and (iii) the provision for impairment of photovoltaic glass products.

As set out in the 1H2024 Interim Report, the Group recorded operating revenue from its principal business of approximately RMB2,027.51 million for the six months ended 30 June 2024, representing an increase of approximately RMB752.05 million or 59.0% as compared to that for the six months ended 30 June 2023. Such increase was mainly due to the commencement of operation of the three photovoltaic glass furnaces of Phase I of Shangrao base. The operating of new furnaces also turns the Group’s loss position to profit. The Group recorded a net profit of approximately RMB4.2 million for the six months ended 30 June 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Long-term cooperation relation and close proximity between the connected parties

Based on our discussion with the management of the Company, as the Group has established a long-term cooperative relationship with IRICO Group and Zhongdian IRICO since its incorporation, in particular, the cooperation in raw materials, services and utilities provided by IRICO Group and Zhongdian IRICO as set out in precedent continuing connected transactions among the Group, IRICO Group and Zhongdian IRICO. The long-term supply relationship has allowed IRICO Group and Zhongdian IRICO to develop thorough understanding of the business operations, quality control, technical requirements and specifications required by the Group and become familiar with the production cycle and operation needs of the Group, thereby ensuring the timely supply of the materials and utilities and quality supply of construction and ancillary services to be procured by the Group which (i) meets the necessary quality and standards as required by the Group; and (ii) minimizes any disruptions to the Group's existing business operations. The cooperation with the connected parties would provide extra options for stable and high quality supply/provision of utilities and products, as set forth in the Continuing Connected Transactions, for the Group's production of solar photovoltaic glass.

In addition, given the close proximity of the locations of the production lines, warehouses and power stations between the Group, IRICO Group and Zhongdian IRICO, we concur with the view of the management of the Company that the purchase of the raw materials and the procurement of the utilities from IRICO Group and Zhongdian IRICO will assist in minimizing the management and operational costs of the Group due to the close proximity between the production lines and power stations.

Financial position of the Group and the fund settlement services provided by CEC Finance

We noted that the Group has a high demand for fund settlement services. As at 30 June 2024, the Group total current assets was approximately RMB3,522.2 million, in which approximately RMB1,020.8 million was bank deposit, representing approximately 29.0% of the total current assets. During the six months ended 30 June 2024, the Group generated a net cash inflow from operating activities of approximately RMB20.8 million.

As advised by the management of the Company, interest rates on deposits and loans to be offered by CEC Finance to the Group will be equal to or more favorable than those offered by other major commercial banks in the PRC for similar deposits and loans. CEC Finance is a non-banking financial institution regulated by the People's Bank of China and the National Financial Regulatory Administration and provides services in accordance with the rules and operating requirements of such regulatory authorities. The Group is expected to benefit from CEC Finance's better knowledge of the Group's operations and its ability to provide more convenient and efficient services as compared to other commercial banks in the PRC.

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Pursuant to the Comprehensive Financial Cooperation Agreement, the Group agrees to give maximum priority to the use of financial services provided by CEC Finance within the set caps. However, it is not an obligation to utilize the CEC Fund Settlement Services. The Group have the right to confirm whether the cooperation terms provided by CEC Finance are better or no less favorable than those provided by independent third parties. Such arrangement provides the flexibility for the Group to select its fund settlement services.

By entering into the Comprehensive Financial Cooperation Agreement with CEC Finance, the Group will be able to centralize the control and management of the Group's financial resources, thereby improving the utilization and efficiency of the use of funds and reducing its operational risks. This will also accelerate capital turnover, thereby reducing transaction costs and expenses, and further enhancing the level and effectiveness of the use of funds.

From the above, we understood that (i) the operation and maintenance services provided by IRICO Group and Zhongdian IRICO support the operation of the production bases of the Group; (ii) IRICO Group has extensive experience and capability to undertake the potential projects of the Group; (iii) the Group requires a stable and timely supply of IRICO Group Materials in order to sustain the continuing sales growth; (iv) the long-term cooperation with the connected parties can ensure a stable and high quality provision of utilities and products for the Group's production of solar photovoltaic glass and provision of quality services which meet the Group's needs; and (v) CEC Finance could provide more flexible, convenient and efficient services as compared to other commercial banks in the PRC. Therefore, we are of the view that the Continuing Connected Transactions are in the interest of the Company and its shareholders as a whole.

4. The existing annual caps and historical transaction amounts

Based on information provided by the Company, we summarized in the following table (i) the existing annual caps of the Previous IRICO Group Master Purchase Agreement and the Previous Zhongdian IRICO Master Purchase Agreement for each of the three financial years ending 31 December 2024; and (ii) the historical transaction amounts for the two years ended 31 December 2023 and the nine months ended 30 September 2024.

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		Historical transaction amounts			Existing 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	31 December	30 September	31 December	31 December	31 December
Nature of transactions		2022	2023	2024	2022	2023	2024
		(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Fees paid by the Group to IRICO Group and its associates under the Previous IRICO Group Master Purchase Agreement	Purchase of packaging materials and raw materials, electricity and ancillary services by the Company from IRICO Group	53,337	27,771	17,620	160,309	185,559	191,432
Utilization rate					33.3%	15.0%	12.3%
							(Annualized)
							(Note)
Fees paid by the Group to Zhongdian IRICO and its associates under the Previous Zhongdian IRICO Master Purchase Agreement	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	45,591	175,426	35,355	334,902	467,156	515,103
Utilization rate					13.6%	37.6%	9.2%
							(Annualized)
							(Note)

Note: Based on the historical transaction amount for the nine months ended 30 September 2024 divided by nine months and multiply by 12.

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The fee paid by the Company to IRICO Group and Zhongdian IRICO under the Previous IRICO Group Master Purchase Agreement and the Previous Zhongdian IRICO Master Purchase Agreement for the two years ended 31 December 2023 and the nine months ended 30 September 2024 did not exceed their relevant annual caps. The Company is of the view that the transaction amounts under both agreements for the year ending 31 December 2024 by the Group are expected not to exceed the relevant annual caps.

Based on the above table, the utilization rates of the existing annual caps for the Previous IRICO Group Master Purchase Agreement were approximately 33.3%, 15.0% and 12.3% for the two years ended 31 December 2023 and the nine months ended 30 September 2024 on an annualized basis, respectively. The utilization rates of the existing annual caps for the Previous Zhongdian IRICO Master Purchase Agreement were approximately 13.6%, 37.6% and 9.2% for the two years ended 31 December 2023 and the nine months ended 30 September 2024 on an annualized basis, respectively. We noted that the existing annual caps in respect of the Previous IRICO Group Master Purchase Agreement and the Previous Zhongdian IRICO Master Purchase Agreement for the two years ended 31 December 2023 and the nine months ended 30 September 2024 was not fully utilized.

With reference to the basis of determination of existing annual caps under the Previous IRICO Group Master Purchase Agreement as set out in the circular of the Company dated 15 December 2021 (the “**2021 Circular**”), we noted that the existing annual caps under the Previous IRICO Group Master Purchase Agreement for the three years ending 31 December 2024 comprise of (i) purchase of packaging materials and raw materials; (ii) purchase of electricity; and (iii) purchase of facilities and ancillary services. Majority of the existing annual caps under the Previous IRICO Group Master Purchase Agreement has been allocated to the purchase of packaging materials and raw materials, representing approximately 73.8%, 79.5% and 80.1% of the total existing annual caps for the three years ending 31 December 2024, respectively. As advised by the management of the Company, the existing annual caps under the Previous IRICO Group Master Purchase Agreement for the year ended 31 December 2022 had not utilized mainly due to the Group has introduced the recyclable packaging materials during the second half of 2022. Thus, the purchase of packaging materials transaction under the Previous IRICO Group Master Purchase Agreement for the year ended 31 December 2022 has been reduced and only approximately 26.2% of the existing annual caps for the purchase of packaging materials for the year ended 31 December 2022 has been utilized. Furthermore, the member of IRICO Group which supply the packaging materials and raw materials to the Group has been disposed by IRICO Group in January 2023. Thus, the transactions were no longer classified as the Group’s continuing connected transactions thereafter and the related annual caps for the two years ending 31 December 2024 have not been utilized.

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On the other hand, with reference to the basis of determination of existing annual caps under the Previous Zhongdian IRICO Master Purchase Agreement as mentioned in the 2021 Circular and the circular of the Company dated 26 September 2022, we noted that the existing annual caps under the Previous Zhongdian IRICO Master Purchase Agreement for the three years ending 31 December 2024 comprise of (i) purchase of raw materials; (ii) purchase of production line facilities and installation services; (iii) purchase of kinetic facilities operation and maintenance services; and (iv) purchase of medical examination services and others. Majority of the existing annual caps under the Previous Zhongdian IRICO Master Purchase Agreement has been allocated to the purchase of production line facilities and installation services, representing approximately 77.0%, 59.9% and 53.6% of the total existing annual caps for the three years ending 31 December 2024, respectively. The utilization rates of the existing annual caps for the purchase of production line facilities and installation services under the Previous Zhongdian IRICO Master Purchase Agreement were approximately 4.3%, 48.1% and 2.4% for the two years ended 31 December 2023 and the nine months ended 30 September 2024, respectively. As advised by the management of the Company, the low utilization rates of the existing annual caps for the purchase of production line facilities and installation service under the Previous Zhongdian IRICO Master Purchase Agreement were mainly due to (i) the outbreak of COVID-19 resulting in delay in construction projects, thus several production line facilities and installation services scheduled in 2022 had been postponed to 2023, and the amount of the related services amounting to approximately RMB47 million has been included in the existing annual caps for the year ended 31 December 2023; (ii) the members of Zhongdian IRICO did not win or participate in the bidding process of several production line facilities and installation services with estimated cost included in the existing annual caps amounting to approximately RMB192 million, RMB180 million and RMB6 million for the two years ended 31 December 2023 and the nine months ended 30 September 2024, respectively; and (iii) several production line facilities and installation services scheduled in 2024 amounting to approximately RMB270 million had been delay and not yet commenced. These factors have also reduced the purchase amount of kinetic facilities operation and maintenance services from Zhongdian IRICO. For the existing annual caps for the purchase of raw materials from Zhongdian IRICO for the three years ending 31 December 2024, accounted for approximately 16.3%, 23.4% and 25.8% of the total existing annual caps for the respective year. The utilization rates of the existing annual caps for the purchase of raw materials under the Previous Zhongdian IRICO Master Purchase Agreement for the two years ended 31 December 2023 and the nine months ended 30 September 2024 were approximately 52.3%, 33.1% and 24.3%, respectively. The low utilization rates were mainly due to change in customers' requirement for the raw materials. The existing annual caps for the medical examination services under the Previous Zhongdian IRICO Master Purchase Agreement accounted for approximately 0.1% of the total existing annual caps for each of the three years ending 31 December 2024. The management advised that the number of medical examination services provided by the member of Zhongdian IRICO through the medical programme of member of the Group was less than the estimation, thus the medical examination services fee was not settled by the member of the Group. Hence, the utilization rates for purchase of medical examination services under the Previous Zhongdian IRICO Master Purchase Agreement were approximately 29.7%, 0.5% and 3.7% for the two years ended 31 December 2023 and the nine months ended 30 September 2024, respectively.

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5. The proposed annual caps

In order to assess the fairness and reasonableness of the proposed annual caps in respect of the Continuing Connected Transactions, we have obtained a detail breakdown which listed all IRICO Group Materials, IRICO Group Utilities, IRICO Group Services, Zhongdian IRICO Services and Zhongdian IRICO Utilities required by the Group for the three years ending 31 December 2027 (the “Annual Caps Breakdown”).

The proposed annual caps under the IRICO Group Master Purchase Agreement

The proposed annual caps under the IRICO Group Master Purchase Agreement for the three years ending 31 December 2027 as set out below:

	Proposed annual caps		
	For the year	For the year	For the year
	ending	ending	ending
	31 December	31 December	31 December
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Maximum Fees payable by the Group to IRICO Group and its associates under the IRICO Group Master Purchase Agreement	117,180	144,240	149,220

Based on the Annual Caps Breakdown, we noted that the proposed annual caps under the IRICO Group Master Purchase Agreement for the three years ending 31 December 2027 comprise of (i) purchase of IRICO Group Materials; (ii) purchase of IRICO Group Utilities; and (iii) purchase of IRICO Group Services. For the purchase of IRICO Group Materials, the estimated transaction amount are approximately RMB57.4 million, RMB66.3 million and RMB71.3 million for the three years ending 31 December 2027, respectively. For the purchase of IRICO Group Utilities, the estimated transaction amount are the same for the three years ending 31 December 2027 amounted to approximately RMB25.2 million. For the purchase of IRICO Group Services, the estimated transaction amount are approximately RMB34.6 million, RMB52.7 million and RMB52.7 million for the three years ending 31 December 2027, respectively.

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For the proposed annual caps for the purchase of IRICO Group Materials for the three years ending 31 December 2027, based on the Annual Caps Breakdown, we noted that the IRICO Group Materials required by the Group are mainly coating solution and ink. The proposed annual caps for the purchase of IRICO Group Materials was determined based on the quantity of IRICO Group Materials required by the Group and the estimated unit price of the IRICO Group Materials for the three years ending 31 December 2027. We discussed with the management of the Company and understand that they estimated the quantity of the IRICO Group Materials for the three years ending 31 December 2027 based on (i) the expected production volume of the four production bases of the Group for the three years ending 31 December 2027; and (ii) the expected increase in the procurement volume from IRICO Group for the purpose of obtaining lower unit price. We have obtained and reviewed the annual production volume of the four production bases of the Group for the three years ending 31 December 2027, and noted that it is the same as the estimated production volume adopted in the estimation. As discussed in the section headed “*Recent development and development plan of the Group*”, the Yan’an Construction Project is expected to be completed and commence operation in the first quarter of 2025. The management of the Company expected that the total production volume of solar photovoltaic glass would be approximately 4,000 million square meters in 2025 upon completion of the Yan’an Construction Project and would further increase to approximately 4,574 million square meters in each of the 2026 and 2027 when Yan’an base entered full-scale production. We further noted that furnace II in Hefei base will undergo an upgrade in 2025 (the “**Hefei Upgrade Project**”). Upon completion of the Hefei Upgrade Project, the production volume of Hefei base will be increased by approximately 2,400 million square meters per year. Other furnaces in Hefei base are expected to operate in full-scale with a total production volume of solar photovoltaic glass of approximately 9,000 million square meters for each of the three years ending 31 December 2027. There are no scheduled upgrade and maintenance in Shangrao base and Xianyang base for the three years ending 31 December 2027, thus the management of the Company expected Shangrao base and Xianyang base will be operated in full-scale during the three years. The total production volume of solar photovoltaic glass in Shangrao base is approximately 15,000 million square meters per year and that in Xianyang base is approximately 4,800 million square meters per year. We have further reviewed the monthly production volume of the four production bases for the nine months ended 30 September 2024 and noted that (i) there are no production in Yan’an base due to the Yan’an Construction Project are still in progress; (ii) the monthly production volume of Hefei base ranged from approximately 630 million to 1,030 million square meters; (iii) the monthly production volume of Shangrao base ranged from approximately 600 million to 1,300 million square meters; and (iv) the monthly production volume of Xianyang base ranged from approximately 120 million to 510 million square meters. The estimated monthly production volume of for the year ending 31 December 2025 are within the range of the actual monthly production volume of Hefei base, Shangrao base and Xianyang base for the nine months ended 30 September 2024. Based on the expected production volume, the estimated quantity of coating solution under the IRICO Group Materials adopted in the Annual Caps Breakdown for the three years ending 31 December 2027 was approximately 720 tonnes, 900 tonnes and 1,050 tonnes, respectively, while the estimated quantity of ink under the IRICO Group Materials adopted in the Annual Caps Breakdown

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for the three years ending 31 December 2027 was approximately 960 tonnes, 1,080 tonnes and 1,120 tonnes, respectively. Save for the expected increase in production volume in Yan'an base and Hefei base as discussed above, the management of the Company expected to increase the procurement volume from IRICO Group for the purpose to obtain better bargaining power for lower unit price. As advised by the management of the Company, it is the Group's target to reduce the materials cost by approximately 2% annually. Thus, the management of the Company expected to purchase an additional of approximately 7% and 9% of the total estimated procurement volume of coating solution from IRICO Group in 2026 and 2027 respectively, and an additional of approximately 2% and 3% of the total estimated procurement volume of ink from IRICO Group in 2026 and 2027, respectively. For the unit price of the IRICO Group Materials, we noted that the unit price adopted in the Annual Caps Breakdown represents a year to year decrease of approximately 2% for each of the IRICO Group Materials which align with the Group's target. In order to access the unit price adopted in the Annual Caps Breakdown for the year ending 31 December 2025, we have obtained the monthly average unit price of coating solution and ink for the nine months ended 30 September 2024 and noted that the unit price of IRICO Group Materials adopted in the Annual Caps Breakdown for the year ending 31 December 2025 is within the range of the monthly average unit price for the nine months ended 30 September 2024. We have further obtained five contracts for each of the purchase of coating solution and ink between the Group and the IRICO Group Materials suppliers during the nine months ended 30 September 2024 which representing the top five largest contracts for each of the purchase of coating solution and ink. We considered the top five largest contracts during the nine months ended 30 September 2024 are adequate and representative since it provides a general understanding on market price of the IRICO Group Materials. Based on our analysis of these contracts, we noted that the unit price of IRICO Group Materials adopted in the Annual Caps Breakdown is within the range of the unit price offered by the IRICO Group Materials suppliers.

For the proposed annual caps for the purchase of IRICO Group Utilities for the three years ending 31 December 2027, we noted from the Annual Caps Breakdown that it is determined based on the estimated quantity of electricity to be purchase from IRICO Group and the estimated unit price of electricity. We discussed with the management of the Company and understand that the electricity facility of IRICO Group is in the Hefei base and it uses the waste heat produced during the operation of the Group's furnaces in Hefei base which help to steam water for the electricity generation. Thus, the quantity of the electricity to be generated by IRICO Group from the waste heat power generation facilities depend on the operation plan of the furnaces of the Group in the Hefei base. However, in December 2023, IRICO Group began selling steam generated from its waste heat power generation facilities to third parties, resulting in limited electricity generation. IRICO Group has notified the Group which estimated approximately 46.7 million kilowatt-hours of electricity could supply to the Group for the three years ending 31 December 2027. Based on the correspondence between the Group and the IRICO Group, the management of the Company estimated approximately 46.7 million kilowatt-hours of electricity will be purchased from IRICO Group for the three years ending 31 December 2027. We have reviewed the correspondence and discussed with the management of

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the Company and noted that IRICO Group estimated the electricity generates based on the demand of IRICO Group's steam customers and the production capacity of Hefei base assuming Hefei base operated in full-scale. As disclosed in the Letter from the Board, the unit price of electricity shall be negotiated based on arm's length negotiations between the relevant parties with reference to (i) the "Government-prescribed Price"; and (ii) reduction from the government incentives offered by Anhui Provincial Government to IRICO Group. "Government-prescribed Price" means the prices of electricity in Anhui Province as prescribed by the State Grid Corporation of the PRC as updated and amended from time to time. According to the "Notice of Anhui Province Development and Reform Commission on Matters Relating to the Adjustment of Price of Electricity Sales in the Province (Wan Fa Jia Ge [2020] No. 654)" (《安徽省發展改革委關於調整我省銷售電價有關事項的通知(皖發價格[2020]654)號》) (the "**Notice**") which took effect since 1 January 2021. Based on the Notice, we noted that the unit price of electricity ranged from approximately RMB0.33 to RMB0.93 with an average of approximately RMB0.61. As advised by the management of the Company, IRICO Group provided a 10.5% discount on unit price of electricity to the Group due to the government incentives they have received. The unit price of electricity adopted in the Annual Caps Breakdown of approximately RMB0.54 was calculated based on the average unit price in the Notice multiplied by the discount given by IRICO Group. We have further obtained the monthly electricity bills from state grid to Hefei base for the nine months ended 30 September 2024. We considered that the monthly electricity bills from state grid to Hefei base for the nine months ended 30 September 2024 are adequate and representative since it provide a general understanding on market price of the electricity in Hefei. Based on our analysis of the monthly electricity bills of Hefei base, we noted that the average unit price of electricity offered by the state grid ranged from approximately RMB0.66 to RMB0.74 which is higher than RMB0.54 adopted in the Annual Caps Breakdown for the three years ending 31 December 2027. Thus, the unit price of electricity adopted in the Annual Caps Breakdown is expected to be no less favorable than that obtained from the state grid.

For the proposed annual caps for the purchase of IRICO Group Services for the three years ending 31 December 2027, we noted from the Annual Caps Breakdown that it is determined based on the installation services and operation and maintenance services required by the Group including the production lines and ancillary facilities installation services and the operation and maintenance service for the kinetic facilities. As discussed with the management of the Company, the Group has planned to (i) undergo the Hefei Upgrade Project in 2025 with an estimated expenses of approximately RMB3 million; and (ii) construct the Rooftop Project with an estimated expenses of approximately RMB119.6 million (collectively the "**Potential Projects**"). The Rooftop Project is expected to commence in 2025 and complete in 2027 and the payment of the expenses would be according to the construction progress under the construction plan in which approximately RMB23.9 million is expected to be paid in 2025 and approximately RMB47.8 million is expected to be paid in each year of 2026 and 2027. As advised by the management of the Company, the estimated expenses for the Potential Projects are estimated based on the similar projects of the Group and

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with reference to the preliminary quotations obtained by the Group from other suppliers. We have reviewed the document of the Group's similar project for phase III production line in Hefei base and a preliminary quotation provided by IRICO Group for the installation of manufacturing execution system of phase II production line in Hefei base. The construction cost in both of the documents match with that adopted in the Annual Caps Breakdown. For the Rooftop Project, we have reviewed the document provided by an independent supplier to the Group for similar project and noted that the amount roughly sum up the estimated expenses for the Rooftop Project. We considered that the above documents are adequate and representative as the services are similar to the Potential Projects. We also noted from the Annual Caps Breakdown that the final payment of the contract sum of (i) the electricity distribution facilities construction project in Hefei base; and (ii) the digitalization construction project in of Hefei base has been included in the proposed annual caps for the purchase of IRICO Group Services for the year ending 31 December 2025 with an aggregate amount of approximately RMB4.8 million. These two projects has been completed and pending for settlement of the final payment according to the relevant contracts. We have obtained and reviewed the contracts between the Group and the IRICO Group for these projects and noted that the contract sum and payment schedule match with those adopted in the Annual Caps Breakdown. For the operation and maintenance services, the management of the Company expected to use an operation and maintenance service for the existing kinetic facilities in Hefei base with an annual expense of approximately RMB0.9 million and an operation and maintenance service for the Rooftop Project with an expected expense of approximately RMB2 million in 2025 and approximately RMB4 million in each year of 2026 and 2027. The management of the Company has made reference to the contract for the existing service provided by IRICO Group during the year ending 31 December 2024 and the preliminary quotation from an independent supplier. We have reviewed the contract for the existing services provided by IRICO Group and the preliminary quotation from an independent supplier and noted that the amount roughly sum up the estimated expenses for the operation and maintenance services.

Based on the above, we are of the view that the estimations adopted by the management of the Company for the relevant proposed annual caps under the IRICO Group Master Purchase Agreement are fair and reasonable.

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The proposed annual caps under the Zhongdian IRICO Master Purchase Agreement

The proposed annual caps under of the Zhongdian IRICO Master Purchase Agreement for the three years ending 31 December 2027 as set out below:

	Proposed annual caps		
	For the year	For the year	For the year
	ending	ending	ending
	31 December	31 December	31 December
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Maximum Fees payable by the Group to Zhongdian IRICO and its associates under the Zhongdian IRICO Master Purchase Agreement	140,514	140,184	146,709

Based on the Annual Caps Breakdown, we noted that the proposed annual caps under the Zhongdian IRICO Master Purchase Agreement for the three years ending 31 December 2027 comprise of (i) purchase of Zhongdian IRICO Utilities; and (ii) purchase of Zhongdian IRICO Services. For the purchase of Zhongdian IRICO Utilities, the estimated transaction amount are the same for the three years ending 31 December 2027 amounted to approximately RMB120.4 million. For the purchase of Zhongdian IRICO Services, the estimated transaction amount are approximately RMB20.1 million, RMB19.8 million and RMB26.3 million for the three years ending 31 December 2027, respectively.

For the proposed annual caps for the purchase of Zhongdian IRICO Utilities for the three years ending 31 December 2027, we noted from the Annual Caps Breakdown that it comprises of purchase of electricity and purchase of liquefied natural gas (“LNG”) from Zhongdian IRICO. The estimated transaction amount is determined based on the estimated quantity of electricity and LNG to be purchased from Zhongdian IRICO and the estimated unit price of electricity and LNG. We discussed with the management of the Company and understand that the electricity required for operation of Yan’an base is purchase from the state grid and independent third parties suppliers prior to the commencement of the Yan’an Construction Project. The electricity facility of Zhongdian IRICO are under construction in the Yan’an base of the Group and is expected to commence operation in 2025. The electricity facility of Zhongdian IRICO is an electricity substation which convert electricity from 110 kilovolt to 10 kilovolt. Upon completion of the construction of Zhongdian IRICO’s electricity facility, the management of the Company expected that all electricity required for the operation of Yan’an base previous purchased from the state grid will be purchased from Zhongdian IRICO. Thus, the quantity of electricity to be purchased by the Group from Zhongdian IRICO was made reference to the total electricity required by the Yan’an base. The management of the Company expected approximately 156.8 million kilowatt-hours of electricity will be purchased

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from Zhongdian IRICO for each of the three years ending 31 December 2027. As advised by the management of the Company, such estimated quantity has made reference to (i) the total electricity consumed by Yan'an base in 2022, being the last year which Yan'an base operated prior to the Yan'an Construction Project; (ii) the additional electricity required to operate the new production facilities upon completion of the Yan'an Construction Project; and (iii) the electricity generated from waste heat power generator in the Yan'an base. We have obtained document which contains a summary of monthly electricity purchased by Yan'an base for the year ended 31 December 2022 and the additional electricity required to operate the new production facilities and noted that the quantity of electricity match with that adopted in the Annual Caps Breakdown. For the unit price of electricity, the management of the Company adopted an estimated unit price of approximately RMB0.704 for the three years ending 31 December 2027 which has made reference to the price of electricity purchased from the state grid. We have obtained and reviewed the monthly electricity bills from state grid to Yan'an base for the nine months ended 30 September 2024 and noted that the monthly average unit price ranged from approximately RMB0.583 to approximately RMB1.023 with an average of approximately RMB0.713. We considered that the monthly electricity bills from state grid to Yan'an base for the nine months ended 30 September 2024 are adequate and representative since it provide a general understanding on market price of electricity in Yan'an. The estimated unit price adopted in the Annual Caps Breakdown is within the range and lower than the average unit price provided by state grid. For the estimated transaction amount for the purchase of LNG, the management of the Company has considered the historical usage of LNG in Hefei base and the reference price of LNG announced by the Development and Reform Commission of Hefei City. As advised by the management of Company, Hefei base needs to purchase LNG for heat generation to maintain the operation of the production lines in winter. However, due to the peak of LNG usage in November and December each year, the government imposes restrictions on the supply of LNG to industrial facilities to ensure sufficient LNG supply for the residential residents, and these restrictions affect the operation of the production lines in Hefei base. The management of the Company has also learned that the construction of Zhongdian IRICO's LNG facilities has been completed and will commence production in 2025. In view of this, the Company will purchase LNG from Zhongdian IRICO to ensure smooth operation of the production lines in Hefei base in winter. The management of the Company expects to purchase approximately 1,514 tonnes of LNG from Zhongdian IRICO for each of the three years ending 31 December 2027, representing approximately 10% of the total LNG usage of Hefei base in November and December 2023, being the peak of LNG usage. We have obtained the LNG consumption data for the Hefei base in November and December 2023, and noted that the quantity adopted in the Annual Caps Breakdown for each of the three years ending 31 December 2027, represent approximately 10% of the total LNG consumption in November and December 2023. The management of the Company estimated the unit price of LNG to be approximately RMB6,581 per tonne for the three years ending 31 December 2027 based on the reference price of LNG announced by the Development and Reform Commission of Hefei City in December 2022 of approximately RMB4.57 per cubic meter (equivalent to approximately RMB6,581 per tonne). We have further reviewed the reference price of LNG announced by the Development and Reform Commission of Hefei City in December 2023, being the latest published

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reference price by the Development and Reform Commission of Hefei City and noted that the reference price of LNG was approximately RMB4.56 per cubic meter (equivalent to approximately RMB6,566 per tonne) which is similar to the unit price of LNG adopted in the Annual Caps Breakdown.

For the proposed annual caps for the purchase of Zhongdian IRICO Services for the three years ending 31 December 2027, we noted from the Annual Caps Breakdown that it comprises of purchase of installation and construction services and kinetic facilities operation and maintenance services for kinetic facilities of the Group, including the electricity facilities, waste water facilities, waste heat power generation facilities, LNG facilities and oxygen facilities. As discussed with the management of the Company, the price of Zhongdian IRICO Services was determined based on the price comparison with at least two independent suppliers and the Company did not have any transaction made reference to reasonable costs incurred plus reasonable profit during the past three years.

For the installation and construction services, we noted that there was approximately RMB5 million of the proposed annual caps are for the repair and upgrade the kinetic facilities for each of the year 2025, 2026 and 2027. As advised by the management of the Company, the estimate cost has made reference to the preliminary quotations provided by the other independent suppliers for similar projects. We have reviewed the document of the preliminary quotations provided by the other independent suppliers and the amount roughly sum up the estimated expenses for the repair and upgrade the kinetic facilities. We also noted that there are two construction and installation projects in Xianyang base have been completed and the final bill is expected to be settled in 2025 and included in the proposed annual caps for the purchase of Zhongdian IRICO Services for the year ending 31 December 2025. We have obtained and reviewed the contracts between the Group and Zhongdian IRICO for the above projects and noted that the contract sum and payment schedule match with those adopted in the Annual Caps Breakdown. For the kinetic facilities operation and maintenance services, the management of the Company estimated approximately RMB14.8 million, RMB14.8 million and RMB21.3 million would be purchased from Zhongdian IRICO for the three years ending 31 December 2027, respectively. As advised by the management of the Company, the estimated operation and maintenance services expenses for seven existing kinetic facilities amounting to approximately RMB9.1 million for each of the three years ending 31 December 2027 has made reference to the historical contract sum with Zhongdian IRICO for the existing services and the estimated new operation and maintenance services expense for the LNG facilities and the electricity facilities in Yan'an base amounting to approximately RMB3.5 million for each of the three years ending 31 December 2027 has made reference to the preliminary quotation provided by the other independent supplier and the expense for Group's similar project. We have obtained and reviewed the existing services contracts between the Group and Zhongdian IRICO, document provided by an independent supplier for the LNG facilities and the contract for the Group's similar project and noted that the amount is in line with those adopted in the Annual Caps Breakdown. We also noted that the management of the Company estimated an additional expense

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

for the consumables cost for the operation and maintenance of the kinetic facilities provided by Zhongdian IRICO amounting to approximately RMB2.2 million, RMB2.2 million and RMB8.7 million for the three year ending 31 December 2027, respectively. As advised by the management of the Company, the consumables is currently purchased by the Group from various independent suppliers and then supplied to Zhongdian IRICO to carry out the operation and maintenance services of the Group's kinetic facilities. In order to increase the efficiency, Zhongdian IRICO will purchase part of the consumables from independent suppliers themselves. Thus, the management of the Company estimated approximately 10% of the total procurement of consumables will be purchased by Zhongdian IRICO themselves in 2025 and 2026 for trial purposes and later increase the transaction amount, once the operation runs smooth and becomes mature, to approximately 40% in 2027. We have obtained a summary of the Group's procurement amount of consumables for the period from October 2023 to September 2024, being a rolling 12 months period and noted that the total procurement amount of consumables for the rolling 12 months ended 30 September 2024 amounting to approximately RMB22.9 million. We further noted that the additional expense for the consumables cost adopted in the Annual Caps Breakdown for the three years ending 31 December 2027 is approximately 9.5%, 9.5% and 38.0% to the total procurement amount of consumables for the rolling 12 months ended 30 September 2024, respectively, which is similar to the proportion expected by the management of the Company.

Based on the above, we are of the view that the estimations adopted by the management of the Company for the relevant proposed annual caps of the Zhongdian IRICO Master Purchase Agreement are fair and reasonable.

The proposed annual caps under the Comprehensive Financial Cooperation Agreement

The proposed annual caps under the Comprehensive Financial Cooperation Agreement for the three years from the Effective Date as set out below:

	Proposed annual caps		
	For the first	For the second	For the third
	year from the	year from the	year from the
	Effective Date	Effective Date	Effective Date
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Proposed maximum daily balance of the Group's deposits with CEC Finance (including any accrued interest thereon)	1,000,000	1,000,000	1,000,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Comprehensive Financial Cooperation Agreement, CEC Finance shall pay interest on the deposits at a rate not lower than the deposit rates of domestic commercial banks for the same period and the payment terms shall be entered into on market terms which are no less favorable than those available from independent third parties.

We have researched the current benchmark deposit interest rates promulgated by eight domestic commercial banks (“**Commercial Bank Rates**”) among of which, six of the commercial banks have transactions with the Group. Upon compare the Commercial Bank Rates with the deposit interest rates currently offered by CEC Finance, we noted that the deposit interest rates for call deposits, agreement deposits and demand deposits offered by CEC Finance is higher than the Commercial Bank Rates. We were advised by the management of the Company that the interest rates offered by CEC Finance will always make reference to the Commercial Bank Rates and the deposit interest rates published by other major commercial banks in the PRC. The finance department of the Company will compare the deposit interest rates quoted from other independent third parties (including at least three financial institutions and commercial banks in the PRC) and from the People’s Bank of China to make sure the interest rates receivable by the Company for the Company’s deposits with CEC Finance shall not be lower than the interest rates receivable from those offered by other independent commercial banks for comparable deposits during the same period.

We have discussed with the management of the Company regarding the bases and assumptions in determining the proposed annual caps for the fund settlement services under the Comprehensive Financial Cooperation Agreement, and we understand that the proposed annual caps are determined with reference to the following factors:

- (i) the proposed annual caps for the general credit limit granted to the Group by CEC Finance for each of the three years from the Effective Date;
- (ii) the expected deposit requirements of the Group for each of the three years from the Effective Date, including the Group is principally engaged in photovoltaic glass, the market demand for photovoltaic glass will increase in the future is in line with the increase in environmental protection policies and the development of the new energy industry in the PRC, the Group, as a leading enterprise in the industry, the volume of orders is expected to continue to increase, and the monetary funds of the Group will increase accordingly; and
- (iii) taking into account the amount of interest income expected to be earned from CEC Finance and with reference to the interest income earned from placing similar amount of deposits with other major commercial banks in the PRC, the return on the deposits with CEC Finance is expected to be higher than the market level.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the financial position as discussed in the section headed “*Financial position of the Group and the fund settlement services provided by CEC Finance*”, in particular, the Group has approximately RMB1,020.8 million bank deposit as at 30 June 2024 and has generated a net cash inflow from operating activities of approximately RMB20.8 million; and (ii) the Group’s steady and continuous growth in revenue, we are of the view that the proposed annual caps for the CEC Fund Settlement Services under the Comprehensive Financial Cooperation Agreement for the three years from the Effective Date are fair and reasonable.

6. Internal control

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, Zhongdian IRICO and CEC Finance to identify any transactions that may be at risk of exceeding the annual caps and any measures to be introduced in response to such transactions. The finance department of the Company is responsible for the counting and monitoring of the actual amount of continuing connected transactions at the end of each month, reporting to the Board regarding, among other things, implementation of the continuing connected transactions and the actual monetary amount of the continuing connected transactions conducted during each quarter from January to September and at the end of each month from October to December (or more frequently if necessary). 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).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 and the Comprehensive Financial Cooperation Agreement and the relevant 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.

In addition, the Company has strict internal control policies over financial services transactions, including the following:

Before each new deposit, the relevant personnel of the finance department of the Company will, based on the Group's demand for deposits, compare the deposit interest rates quoted from other independent third parties (including at least three financial institutions and commercial banks in the PRC) and from the People's Bank of China, and such research and comparison results will be reported by the relevant personnel of the finance department to the head of the finance department of the Company. Based on the aforementioned research and comparison results, the head of the finance department of the Company will make sure the interest rates receivable by the Company for the Company's deposits with CEC Finance shall not be lower than the interest rates receivable from those offered by other independent commercial banks for comparable deposits during the same period. Moreover, pursuant to the Comprehensive Financial Cooperation Agreement, CEC, the substantial shareholder of CEC Finance, undertakes to increase the capital accordingly in accordance with the actual needs for resolving the payment difficulties in case of an emergency situation where CEC Finance has difficulties in making payments, and the Group's deposits under the Comprehensive Financial Cooperation Agreement are guaranteed to a certain extent.

As advised by the management of the Company, in order to monitor the Group's deposits will not exceed the maximum daily balance of the Group's deposits with CEC Finance, the finance department will prepare the daily bank account report which list all bank account of the Group, the currency and the balance. Such report will then be reviewed by the head of the finance department of the Company to ensure the daily balance of the Group's deposits with CEC Finance do not exceed the proposed annual caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing whether the Company has put in place effective internal control procedures for the Continuing Connected Transactions, we have obtained and reviewed the following documents: (i) the internal control policies governing the continuing connected transactions of the Company provided by the management of the Company in order to understand the design of the Company's internal control system; (ii) the document prepared by the finance department for the reporting to the Board in relation to the historical continuing connected transactions; (iii) quotations from independent third parties obtained by the business planning executives and relevant assessment records by the head of procurement department of the Group; (iv) the board resolutions concerning the Continuing Connected Transactions; (v) the independent non-executive Directors' letter of confirmation concerning the continuing connected transactions for the year ended 31 December 2023; and (vi) the auditors' letter concerning the continuing connected transactions for the year ended 31 December 2023. We note that the above documents were prepared in accordance with the internal control policies of the Company and they were in compliance with the relevant requirements under the Listing Rules. Therefore, we are of the view that the Company has put in place effective internal control procedures for the Continuing Connected Transactions.

Taking into account the conditions attached to the Continuing Connected Transactions, in particular (i) the restriction by way of setting the respective proposed annual caps; and (ii) the compliance with all other relevant requirements under the Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the Continuing Connected Transactions), we consider that the Company has taken appropriate measures to govern the Group in carrying out the Continuing Connected Transactions thereby safeguarding the interests of the Shareholders thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the terms of the Continuing Connected Transactions (including the respective proposed annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the EGM for approving the terms of the Continuing Connected Transactions (including the respective proposed annual caps).

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung

Louis Chan

Managing Director

Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

The unaudited consolidated financial statements of the Company for the six months ended 30 June 2024 and the audited consolidated financial statements of the Company for the three years ended 31 December 2023 together with the relevant notes to the financial statements of the Company can be found in the following documents which have been published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.irico.com.cn/en>) respectively:

- (i) the interim report of the Company for the six months ended 30 June 2024 published on 20 September 2024 (pages 26 to 332):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0920/2024092000866.pdf>
- (ii) the annual report of the Company for the year ended 31 December 2023 published on 19 April 2024 (pages 71 to 278):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041900749.pdf>
- (iii) the annual report of the Company for the year ended 31 December 2022 published on 21 April 2023 (pages 91 to 292):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101139.pdf>
- (iv) the annual report of the Company for the year ended 31 December 2021 published on 20 April 2022 (pages 98 to 297):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000033.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 30 September 2024, being the latest practicable date for this indebtedness statement, the total borrowings of the Group amounted to RMB5,036,129.30 thousand, including: bank borrowings of RMB5,036,129.30 thousand, borrowings from non-bank financial institutions of RMB0.00 thousand and borrowings from other institutions of RMB0.00 thousand; of the above borrowings, the borrowings to be due within one year amounted to RMB3,448,817.63 thousand and the borrowings to be due within one to five years amounted to RMB1,389,413.68 thousand and over five years amounted to RMB197,897.99 thousand. The interest rate range for short-term borrowings is 2.50%-3.00%; the interest rate range for long-term borrowings is 2.80%-3.98%.

Of the above borrowings of the Group, the mortgaged loans amounted to RMB0.00 thousand; the guaranteed loans amounted to RMB1,034,640.08 thousand, the guarantor is the Company, which guarantees for its subsidiaries; the pledged loans amounted to RMB0.00 thousand; the credit loans amounted to RMB4,001,489.22 thousand.

As at 30 September 2024, the lease liability of the Company amounted to RMB309,676.13 thousand. The interest rate range for lease liability is 3.00%-3.75%.

Save as the intra-group indebtedness disclosed above and the payables generated in the day-to-day operation, as at 30 September 2024, the Company has no other borrowings, guarantees in connection with debts or other contingent liabilities.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 September 2024 and up to the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's internal resources and the available banking facilities, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

The Company has obtained confirmation from its auditor, WUYIGE Certified Public Accountants LLP, in respect of the above statement as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Under the global trend of low-carbon economy and energy revolution, the Group shall make full use of the resources of the central enterprise to reduce costs and enhance efficiency in all aspects, from innovation in industrial scale, innovation in product technology, innovation in production organisation as well as innovation in market management. The Group will focus on national strategic and emerging industries and continuously enhance its core competitiveness.

In the future, the Group will also continue to strengthen its strategic leadership, accelerate the upgrade of photovoltaic glass products, strengthen cost control, promote full-factor cost reduction and efficiency enhancement, and strive to build itself as a world-renowned green new energy service provider. The major financial and operation prospects of the Group in 2024 is as follows:

I Accelerate the construction of key projects

- (1) The No. 3 kiln of Jiangxi base Phase I has been ignited and put into operation, and has reached production as planned.
- (2) The Hefei base will actively lay out the research and development and technical reserves of new photovoltaic glass products.
- (3) Yan'an base will closely follow the industry development trend and remould and upgrade the photovoltaic glass kiln and production line.
- (4) The photovoltaic glass deep processing production line in Xianyang base is running stably, the production quality is steadily improving and market share is increasing.

II Promote cost reduction and efficiency improvement in terms of entire process, all elements, and all staff

- (1) Establish a sense of concern for the “year of cost” among all staff and encourage their participation in energy conservation and cost reduction work.
- (2) Continue to introduce new suppliers, strengthen market analysis, and reduce procurement costs.
- (3) Continue to promote strategic cooperation in direct gas supply and other gas supply methods to reduce the cost of natural gas supply.

III Strengthen the driving role of marketing

- (1) Continuously optimize the marketing management system based on the Company's industrial layout and market changes, stabilize and consolidate strategic and key customers, search for new sales growth points, and fully digest the newly added production capacity.
- (2) Promote the market planning and customer layout in major production bases such as Hefei and Shangrao; further enhance the overall production and sales scale of the Company.

IV Continuously promote technological innovation and product research and development work

- (1) Continuously promote digital construction. Further improve the intelligent and digital construction of production lines, reflect the construction results into operational control, and continuously improve production efficiency and management effectiveness through the construction of digital factories.
- (2) Intensify product structure adjustment and improve advanced production capacity, and accelerate product, technology, and equipment development.
- (3) Leverage the platform role of technology center. Widely carry out exchanges and cooperation, gather wisdom and leverage to enhance the Company's technological research and development level.

5. FINANCIAL EFFECTS OF THE MAJOR TRANSACTION ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

The major transaction, namely the transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group, does not and the Group expects that it will not have any material impact on the earnings, net asset value and liabilities of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. At the Latest Practicable Date, the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive. There are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and Short Positions of Directors, Supervisors and Chief Executives

As at the Latest Practicable Date, none of the Directors, supervisors (the “**Supervisors**”) or chief executives of the Company and their respective associates held an interest and short position in shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were: (a) required to be notified to the Company and Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Directors, Supervisors or chief executives were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; or (c) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Ms. Yang Hua acts as the executive Director of the Company and concurrently acts as the chief accountant of IRICO Group and Zhongdian IRICO, respectively. Mr. Fang Zhongxi acts as the non-executive Director of the Company and concurrently acts as the director of the operation and management department and the planning and technology department of IRICO Group. Mr. Wang Dong acts as the non-executive Director of the Company and concurrently acts as the deputy head (presiding over work) of the asset operation department of IRICO Group. Mr. Zhao Lefei, acts as the shareholder representative Supervisor of the Company and concurrently acts as the director of the disciplinary inspection department and the director of the audit department of IRICO Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Supervisors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined in the Listing Rules) was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling Shareholder).

4. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within a year without payment of any compensation (other than statutory compensation)).

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest, directly or indirectly, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

7. MATERIAL LITIGATION

At the Latest Practicable Date, the Company is not engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, no contract, not being contracts entered into the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material.

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The qualification of the expert who has given an opinion or advice in this circular is as follows:

Name	Qualification	Date of Opinions
Octal Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under SFO	29 November 2024

Octal Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinion and the references to its names included herein in the form and context in which it is respectively included.

As at the Latest Practicable Date, Octal Capital:

- (i) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and
- (ii) has no direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (a) The company secretary of the Company is Mr. Ni Huadong.
- (b) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.irico.com.cn/en>) from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (a) the Letter from the Independent Board Committee, the text of which is set out in this circular;
- (b) the Letter from the Independent Financial Adviser issued by Octal Capital, the text of which is set out in this circular;
- (c) the written consent of Octal Capital as referred to in the section headed "Experts' Qualifications And Consents" in this appendix;
- (d) the IRICO Group Master Purchase Agreement;
- (e) the Zhongdian IRICO Master Purchase Agreement; and
- (f) the Comprehensive Financial Cooperation Agreement.

NOTICE OF THE EGM



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of IRICO Group New Energy Company Limited* (the “**Company**”) will be held at 9:00 a.m. on Thursday, 19 December 2024 at the conference room on the 2nd Floor at C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the People's Republic of China (the “**PRC**”) for the purposes of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 29 November 2024 (the “**Circular**”):

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the entering into of the IRICO Group Master Purchase Agreement dated 23 October 2024 between the Company and IRICO Group, a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for identification purpose, and the continuing connected transactions contemplated thereunder (including the corresponding proposed annual caps), details of which are described in the Circular, be and are hereby generally and unconditionally approved, ratified and confirmed; and
- (b) any one Director of the Company be and hereby authorised to do all such acts and things and to sign all documents and to take any steps which in their absolute discretion considered to be necessary, desirable or expedient for the purpose of implementing and/or giving effect to the transactions contemplated under the IRICO Group Master Purchase Agreement.”

NOTICE OF THE EGM

2. “**THAT:**

- (a) the entering into of the Zhongdian IRICO Master Purchase Agreement dated 23 October 2024 between the Company and Zhongdian IRICO, a copy of which has been produced to the EGM marked “B” and signed by the chairman of the EGM for identification purpose, and the continuing connected transactions contemplated thereunder (including the corresponding proposed annual caps), details of which are described in the Circular, be and are hereby generally and unconditionally approved, ratified and confirmed; and
- (b) any one Director of the Company be and hereby authorised to do all such acts and things and to sign all documents and to take any steps which in their absolute discretion considered to be necessary, desirable or expedient for the purpose of implementing and/or giving effect to the transactions contemplated under the Zhongdian IRICO Master Purchase Agreement.”

3. “**THAT:**

- (a) the entering into of the continuing connected transactions contemplated under the Comprehensive Financial Cooperation Agreement (a copy of which has been produced to the EGM marked “C” and signed by the chairman of the EGM for identification purpose) dated 23 October 2024 between the Company and CEC Finance in relation to the fund settlement services provided by CEC Finance to the Group (including the corresponding proposed annual caps), details of which are described in the Circular, be and are hereby generally and unconditionally approved, ratified and confirmed; and
- (b) any one Director of the Company be and hereby authorised to do all such acts and things and to sign all documents and to take any steps which in their absolute discretion considered to be necessary, desirable or expedient for the purpose of implementing and/or giving effect to the transactions contemplated under the Comprehensive Financial Cooperation Agreement in relation to the fund settlement services provided by CEC Finance to the Group.”

By order of the Board
IRICO Group New Energy Company Limited*
Yang Hua
Chairlady

Shaanxi Province, the PRC
29 November 2024

As at the date of this notice, the Board consists of Ms. Yang Hua and Mr. Ma Zhibin as executive directors, Mr. Fang Zhongxi and Mr. Wang Dong as non-executive directors, and Mr. Su Kun, Mr. Li Yong and Ms. Hao Meiping as independent non-executive directors.

NOTICE OF THE EGM

Notes:

- 1 For the purpose of determining eligibility to attend and vote at the EGM, the register of the members of the Company will be closed from Monday, 16 December 2024 to Thursday, 19 December 2024, both days inclusive. During such period, no transfers of the Company's shares will be registered. In order to be entitled to attend and vote at the EGM, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 13 December 2024.
- 2 Holders of H shares whose names appear on the Company's register of the members of H shares at the close of business on Monday, 16 December 2024 are entitled to attend the EGM, and are entitled to appoint one or more proxies, to attend and vote on his behalf at the EGM according to the articles of association of the Company. A proxy needs not be a shareholder of the Company.
- 3 The appointment of the proxy by completing the enclosed "PROXY FORM FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON 19 DECEMBER 2024" (the "**Proxy Form**") must be in writing by hand of the appointer or his attorney duly authorised in writing. If the Proxy Form is signed by the attorney or any other person authorised by the appointer, the power of attorney or other authority must be notarized. If the appointer is a corporation, the Proxy Form shall be executed under seal or shall be executed by its director or a duly authorised person. In respect of the holders of H shares, the notarized power of attorney or other authority together with the Proxy Form must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no less than 24 hours before the time appointed for holding the EGM (i.e. no later than 9:00 a.m. on Wednesday, 18 December 2024) or any adjournment thereof. In respect of the holders of domestic shares, the above documents should be delivered to the office of the secretary of the Board of the Company at C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the PRC within the same period.
- 4 Shareholder or proxy attending the EGM should produce his/her identity certificate.
- 5 Voting at the EGM will be taken by poll.
- 6 The EGM is expected to last for half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses.

* *For identification purposes only*