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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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 18 February 2016 and the circular of the Company dated 24 March 2016 in relation to, among other things, the continuing connected transactions under the NEIIC Master Sales Agreement. Reference is also made to the announcement of the Company dated 22 August 2017, in relation to, among other things, the revision to the existing annual caps for the two years ended 31 December 2018 in respect of the transactions under the NEIIC Master Sales Agreement.

EXCEEDING OF THE ANNUAL CAP FOR YEAR 2018

For the year ended 31 December 2018, the Company's transactions with NEIIC under the NEIIC Master Sales Agreement are as follows:

	Actual transaction amount for the year ended 31 December 2018 (RMB'000)	Annual cap for the year ended 31 December 2018 (RMB'000)
Fees paid by NEIIC to the Company under the NEIIC Master Sales Agreement	68,031	60,000

In preparing the Company's financial statements for the year ended 31 December 2018, the Company noted that the actual transaction amount under the NEIIC Master Sales Agreement for the year ended 31 December 2018 amounted to RMB68,031,000, exceeding the existing annual cap of RMB60,000,000 for the year ended 31 December 2018.

REASONS FOR EXCEEDING THE ANNUAL CAP FOR YEAR 2018

For the year ended 31 December 2018, the sales volume of positive photoresist products increased due to the sharp increase in demand for the products from Nanjing CEC Panda LCD Technology Co., Ltd. (南京中電熊貓液晶顯示科技有限公司) and Nanjing CEC Panda FPD Technology Co., Ltd. (南京中電熊貓平板顯示科技有限公司) (both are subsidiaries of NEIIC), which results in the actual transaction amount of the Company's sales of new energy materials and products to NEIIC exceeding the existing annual cap for the year ended 31 December 2018.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, NEIIC, which is a subsidiary of CEC (the ultimate controlling Shareholder of the Company), is an associate of CEC and thus a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the NEIIC Master Sales Agreement between the Company and NEIIC constitute continuing connected transactions of the Company.

As the actual transaction amount exceeded the existing annual cap, pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the announcement and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio for the actual transaction amount for the year ended 31 December 2018 under the NEIIC Master Sales Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions thereunder are still subject to the reporting, annual review and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the transactions under the NEIIC Master Sales Agreement are entered into on normal commercial terms or on terms no less favourable to the Company than those available to 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 the Shareholders as a whole.

MEASURES TAKEN BY THE COMPANY REGARDING FUTURE COMPLIANCE ISSUES

The Company will take the following measures to strengthen its corporate governance management:

- (1) Reviewing the quarterly transaction amount and accumulative amount of the Company's continuing connected transactions on a quarterly basis; 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 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);
- (2) Closely monitoring and regularly reviewing all agreements to be entered into by the Group; and
- (3) Promoting the reporting and documentation system and internal control procedures of the Group, including strengthening the training for and communication with all management staff in the future.

GENERAL INFORMATION

The Company is principally engaged in the construction and operation of solar power plants; the research, development, production and sales of solar photovoltaic glass, solar cell modules and relevant products, upstream materials of lithium battery and materials relevant to flat panel display; and the processing of quart sand, a upstream material for photovoltaic glass.

NEHC is principally engaged in the research and development, services and transfer of electronic information technologies; research and development, manufacturing, sales and relevant services of electronic products; design, construction and relevant services of electronic engineering; investment in real estate; property management; industrial investment and assets operation and management services.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CEC”	China Electronics Corporation* (中國電子信息產業集團有限公司), a wholly state-owned company incorporated in the PRC and the ultimate controlling Shareholder holding approximately 73.15% of the issued share capital of the Company through IRICO Group Company Limited and its subsidiary, Rui Bou Electronics (HK) Limited (瑞博電子(香港)有限公司), as at the date of this announcement
“Company”	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 PRC with limited liability, whose H shares are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NEIIC”	Nanjing Electronics Information Industrial Corporation* (南京中電熊貓信息產業集團有限公司), which is a subsidiary of CEC as at the date of this announcement and a connected person of the Company
“NEIIC Master Sales Agreement”	the master sales agreement dated 18 February 2016 entered into between the Company and NEIIC in respect of the sales of new energy materials and products by the Company to NEIIC

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Shaanxi Province, the PRC
26 March 2019

As at the date of this announcement, the Board consists of Mr. Si Yuncong and Mr. Chen Xiaoning as executive directors, Mr. Fan Laiying as non-executive director, and Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive directors.

* *For identification purpose only*