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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)

DISCLOSEABLE TRANSACTIONS COMMERCIAL FACTORING CONTRACTS

The Board announces that on 15 November 2019, the Company, Hefei Photovoltaic and IRICO New Material entered into the Commercial Factoring Contract I, the Commercial Factoring Contract II and the Commercial Factoring Contract III with Zhongguang Wealth, respectively, pursuant to which the Company, Hefei Photovoltaic and IRICO New Material have agreed to assign the Accounts Receivable I, Accounts Receivable II and Accounts Receivable III to Zhongguang Wealth, respectively, and Zhongguang Wealth has agreed to accept the assignment and provide factoring financing services to the Company, Hefei Photovoltaic and IRICO New Material, respectively.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Commercial Factoring Contracts (on an aggregate basis) exceeds 5% but is less than 25%, such transactions constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

I. INTRODUCTION

The Board announces that on 15 November 2019, the Company, Hefei Photovoltaic and IRICO New Material entered into the Commercial Factoring Contract I, the Commercial Factoring Contract II and the Commercial Factoring Contract III with Zhongguang Wealth, respectively, pursuant to which the Company, Hefei Photovoltaic and IRICO New Material have agreed to assign the Accounts Receivable I, Accounts Receivable II and Accounts Receivable III to Zhongguang Wealth, respectively, and Zhongguang Wealth has agreed to accept the assignment and provide factoring financing services to the Company, Hefei Photovoltaic and IRICO New Material, respectively.

II. COMMERCIAL FACTORING CONTRACT I

The main contents of the Commercial Factoring Contract I are set out below:

Date	15 November 2019
Parties	(1) the Company; and (2) Zhongguang Wealth
Subject assets	The Accounts Receivable I of the Company outstanding from relevant payment obligors not yet due as at 30 September 2019 (i.e. the benchmark date) under the Underlying Contracts I and related interests thereof.
Subject matter	The Company has agreed to assign the Accounts Receivable I to Zhongguang Wealth so as to obtain factoring funds from Zhongguang Wealth, and Zhongguang Wealth has agreed to accept the Accounts Receivable I and provide factoring financing services to the Company.
Type of financing	Non-recourse, i.e. if the payment obligors of Accounts Receivable I fail to settle the Accounts Receivable I in full within the agreed period due to credit reasons, Zhongguang Wealth has no right to claim any outstanding amount from the Company.

**Factoring
arrangement**

Pursuant to the Commercial Factoring Contract I, the Company shall assign the Accounts Receivable I to Zhongguang Wealth so as to obtain factoring funds from Zhongguang Wealth. Zhongguang Wealth shall pay to the Company the consideration for the assignment, i.e. RMB29,525,007.49, in one lump sum by cash or bank or commercial acceptance bills. The consideration was determined by the Company and Zhongguang Wealth through arm's length negotiations with reference to the book value (i.e. RMB31,629,355.58) and due date (ranging from June to November 2020) of the Accounts Receivable I.

Pursuant to the Commercial Factoring Contract I, Zhongguang Wealth shall pay to the Company the consideration for assignment of the Accounts Receivable I upon satisfaction of the following conditions:

- (1) the Commercial Factoring Contract I having been signed and come into effect, and the parties have reached an agreement on the registration of the assignment of Accounts Receivable I;
- (2) the notice of assignment of Accounts Receivable I has been signed by the Company and Zhongguang Wealth, and Zhongguang Wealth has been authorised by the Company to send out such notice to the payment obligors of the Accounts Receivable I as and when appropriate, or the Company has sent out such notice as per the request of Zhongguang Wealth; and
- (3) other conditions as stipulated by laws or agreed in the contract.

III. COMMERCIAL FACTORING CONTRACT II

The main contents of the Commercial Factoring Contract II are set out below:

Date	15 November 2019
Parties	(1) Hefei Photovoltaic; and (2) Zhongguang Wealth
Subject assets	The Accounts Receivable II of Hefei Photovoltaic outstanding from relevant payment obligors not yet due as at 30 September 2019 (i.e. the benchmark date) under the Underlying Contracts II and related interests thereof.
Subject matter	Hefei Photovoltaic has agreed to assign the Accounts Receivable II to Zhongguang Wealth so as to obtain factoring funds from Zhongguang Wealth, and Zhongguang Wealth has agreed to accept the Accounts Receivable II and provide factoring financing services to Hefei Photovoltaic.
Type of financing	Non-recourse, i.e. if the payment obligors of Accounts Receivable II fail to settle the Accounts Receivable II in full within the agreed period due to credit reasons, Zhongguang Wealth has no right to claim any outstanding amount from Hefei Photovoltaic.

**Factoring
arrangement**

Pursuant to the Commercial Factoring Contract II, Hefei Photovoltaic shall assign the Accounts Receivable II to Zhongguang Wealth so as to obtain factoring funds from Zhongguang Wealth. Zhongguang Wealth shall pay to Hefei Photovoltaic the consideration for the assignment, i.e. RMB99,419,293.71, in one lump sum by cash or bank or commercial acceptance bills. The consideration was determined by Hefei Photovoltaic and Zhongguang Wealth through arm's length negotiations with reference to the book value (i.e. RMB106,328,707.75) and due date (ranging from June to September 2020) of the Accounts Receivable II.

Pursuant to the Commercial Factoring Contract II, Zhongguang Wealth shall pay to Hefei Photovoltaic the consideration for assignment of the Accounts Receivable II upon satisfaction of the following conditions:

- (1) the Commercial Factoring Contract II having been signed and come into effect, and the parties have reached an agreement on the registration of the assignment of Accounts Receivable II;
- (2) the notice of assignment of Accounts Receivable II has been signed by Hefei Photovoltaic and Zhongguang Wealth, and Zhongguang Wealth has been authorised by Hefei Photovoltaic to send out such notice to the payment obligors of the Accounts Receivable II as and when appropriate, or Hefei Photovoltaic has sent out such notice as per the request of Zhongguang Wealth; and
- (3) other conditions as stipulated by laws or agreed in the contract.

IV. COMMERCIAL FACTORING CONTRACT III

The main contents of the Commercial Factoring Contract III are set out below:

Date	15 November 2019
Parties	(1) IRICO New Material; and (2) Zhongguang Wealth
Subject assets	The Accounts Receivable III of IRICO New Material outstanding from relevant payment obligors not yet due as at 30 September 2019 (i.e. the benchmark date) under the Underlying Contracts III and related interests thereof.
Subject matter	IRICO New Material has agreed to assign the Accounts Receivable III to Zhongguang Wealth so as to obtain factoring funds from Zhongguang Wealth, and Zhongguang Wealth has agreed to accept the Accounts Receivable III and provide factoring financing services to IRICO New Material.
Type of financing	Non-recourse, i.e. if the payment obligors of Accounts Receivable III fail to settle the Accounts Receivable III in full within the agreed period due to credit reasons, Zhongguang Wealth has no right to claim any outstanding amount from IRICO New Material.

**Factoring
arrangement**

Pursuant to the Commercial Factoring Contract III, IRICO New Material shall assign the Accounts Receivable III to Zhongguang Wealth so as to obtain factoring funds from Zhongguang Wealth. Zhongguang Wealth shall pay to IRICO New Material the consideration for the assignment, i.e. RMB21,377,033.70, in one lump sum by cash or bank or commercial acceptance bills. The consideration was determined by IRICO New Material and Zhongguang Wealth through arm's length negotiations with reference to the book value (i.e. RMB22,944,841.51) and due date (i.e. 20 August 2020) of the Accounts Receivable III.

Pursuant to the Commercial Factoring Contract III, Zhongguang Wealth shall pay to IRICO New Material the consideration for assignment of the Accounts Receivable III upon satisfaction of the following conditions:

- (1) the Commercial Factoring Contract III having been signed and come into effect, and the parties have reached an agreement on the registration of the assignment of Accounts Receivable III;
- (2) the notice of assignment of Accounts Receivable III has been signed by IRICO New Material and Zhongguang Wealth, and Zhongguang Wealth has been authorised by IRICO New Material to send out such notice to the payment obligors of the Accounts Receivable III as and when appropriate, or IRICO New Material has sent out such notice as per the request of Zhongguang Wealth; and
- (3) other conditions as stipulated by laws or agreed in the contract.

V. GENERAL INFORMATION

(i) The Company

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 batteries and materials relevant to flat panel displays; and the processing of quartz sands, an upstream material for photovoltaic glass.

(ii) Hefei Photovoltaic

Hefei Photovoltaic is principally engaged in the investment and development of new energy industries and solar power projects; and the construction, operation and management as well as contracting of solar photovoltaic power plant projects.

(iii) IRICO New Material

IRICO New Material is principally engaged in production of various luminous materials for display devices and lighting devices; electronic paste; various battery materials for 3C products and electrical vehicles; target materials for TFT-LED, photoresists and other functional chemicals; various coating fluids for photovoltaic glass; sales of self-produced products; wholesale of coal; wholesale of chemical materials; and self-operated and commissioned import and export of goods.

(iv) Zhongguang Wealth

Zhongguang Wealth is principally engaged in factoring (non-bank financing); guarantee business (excluding financing guarantee and other restricted items); technology development for the system of credit risk management platform; and consultations in regard of commercial factoring (excluding restricted items). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Zhongguang Wealth and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

VI. REASONS FOR AND BENEFITS OF ENTERING INTO THE COMMERCIAL FACTORING CONTRACTS

The Board believes that the entering into of the Commercial Factoring Contracts will, on the one hand, help to optimise the financial structure of the Company, reduce funds occupied by accounts receivable and alleviate the problem of insufficient working capital; and on the other hand, further expand the financing channels of the Company and effectively lower debt financing costs, which is beneficial to the development of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Commercial Factoring Contracts are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

The Group expects to recognize financing costs for the transactions contemplated under the Commercial Factoring Contracts of RMB10,581,569.94 (subject to audit), which is calculated based on the considerations for the assignment of the accounts receivable less the book value of the accounts receivable.

The proceeds raised from the assignment of the accounts receivable will be used to purchase raw materials and pay for the cost incurred from the purchase of kinetic energy by the Company.

VII. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the transactions contemplated under the Commercial Factoring Contracts (on an aggregate basis) exceeds 5% but is less than 25%, such transactions constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

VIII. DEFINITIONS

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

“Accounts Receivable I”	The accounts receivable of the Company outstanding from relevant payment obligors not yet due as at 30 September 2019 (i.e. the benchmark date) under the Underlying Contracts I and related interests thereof
“Accounts Receivable II”	The accounts receivable of Hefei Photovoltaic outstanding from relevant payment obligors not yet due as at 30 September 2019 (i.e. the benchmark date) under the Underlying Contracts II and related interests thereof
“Accounts Receivable III”	The accounts receivable of IRICO New Material outstanding from relevant payment obligors not yet due as at 30 September 2019 (i.e. the benchmark date) under the Underlying Contracts III and related interests thereof
“Board”	the board of Directors of the Company
“Commercial Factoring Contracts”	Commercial Factoring Contract I, Commercial Factoring Contract II and Commercial Factoring Contract III
“Commercial Factoring Contract I”	the commercial factoring contract I dated 15 November 2019 entered into between the Company and Zhongguang Wealth in relation to factoring financing
“Commercial Factoring Contract II”	the commercial factoring contract II dated 15 November 2019 entered into between Hefei Photovoltaic and Zhongguang Wealth in relation to factoring financing
“Commercial Factoring Contract III”	the commercial factoring contract III dated 15 November 2019 entered into between IRICO New Material and Zhongguang Wealth in relation to factoring financing

“Company”	IRICO Group New Energy Company Limited* (彩虹集團新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on The Stock Exchange of Hong Kong Limited
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hefei Photovoltaic”	IRICO (Hefei) Photovoltaic Co., Ltd.* (彩虹(合肥)光伏有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“IRICO New Material”	Shaanxi IRICO New Material Company Limited* (陝西彩虹新材料有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, 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 the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Underlying Contracts”	Underlying Contracts I, Underlying Contracts II and Underlying Contracts III
“Underlying Contracts I”	certain sales agreements for sale of coated and tempered glass entered into by the Company as the original creditor
“Underlying Contracts II”	certain sales agreements for sale of photovoltaic glass entered into by Hefei Photovoltaic as the original creditor

“Underlying Contracts III” certain sales and purchase agreements entered into by IRICO New Material as the original creditor

“Zhongguang Wealth” Zhongguang Wealth Commercial Factoring (Shenzhen) Co., Ltd.* (中廣財富商業保理(深圳)有限公司), a company incorporated in the PRC with limited liability and an independent third party of the Company

“%” per cent

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

Shaanxi Province, the PRC
15 November 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 and Mr. Ni Huadong as non-executive Directors, and Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive Directors.

* For identification purpose only