

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



IRICO

彩虹集團電子股份有限公司

IRICO GROUP ELECTRONICS COMPANY LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0438)

**OVERSEAS REGULATORY ANNOUNCEMENT
AND
PROPOSED CONNECTED TRANSACTION**

The A Share Company, a subsidiary of the Company, with its A shares listed on the Shanghai Stock Exchange, convened a board meeting on 26 August 2014 for consideration and approval of the proposal in relation to provision of guarantee for a related party, which approved the A Share Company to provide a loan guarantee of RMB50 million for Foshan Flat Panel Company, which will be counter-guaranteed by IRICO Group. Pursuant to the Rules Governing the Disclosure of Information of A-Shares Listed Companies, the A Share Company published the A Share Announcement on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 27 August 2014. This announcement was made by the Company pursuant to the requirement of Rule 13.10B of the Hong Kong Listing Rules.

As IRICO Group, the controlling shareholder of the Company, holds 51% of equity interest in Foshan Flat Panel Company, and Foshan Flat Panel Company is an associate of IRICO Group, therefore Foshan Flat Panel Company is a connected person of the Company. As the Company maintains de facto control in the A Share Company, the A Share Company is a subsidiary of the Company.

As at the date of this announcement, the A Share Company has not entered into any agreement in respect of the Proposed Guarantee Arrangement and no terms have been agreed to. If the A Share Company will enter into any formal agreement in respect of the Proposed Guarantee Arrangement, it will constitute a connected transaction of the Company under the Hong Kong Listing Rules and the Company will then comply with relevant regulatory requirements applicable to the Company under the laws and regulations (including the Hong Kong Listing Rules).

As the Proposed Guarantee Arrangement may or may not proceed, shareholders and potential investors should exercise caution when dealing in the shares of the Company.

IRICO Display Devices Co., Ltd.* (the “**A Share Company**”), a subsidiary of IRICO Group Electronics Company Limited (the “**Company**”), with its A shares listed on the Shanghai Stock Exchange, convened a board meeting on 26 August 2014 for consideration and approval of the proposal in relation to provision of guarantee for a related party, which approved the A Share Company to provide a loan guarantee of RMB50 million for IRICO (Foshan) Flat Panel Display Co., Ltd.* (“**Foshan Flat Panel Company**”), which will be counter-guaranteed by IRICO Group Corporation* (“**IRICO Group**”). Pursuant to the Rules Governing the Disclosure of Information of A-Shares Listed Companies, the A Share Company published the Announcement on Provision of Guarantee for a Related Party (the “**A Share Announcement**”) on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 27 August 2014. This announcement was made by the Company pursuant to the requirement of Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

The main contents of the A Share Announcement are as follows:

- **Guaranteed party:** Foshan Flat Panel Company
- **Amount of this guarantee and actual amount of guarantee provided:** amount of this guarantee would be RMB50 million and the actual balance of guarantee provided would be RMB190.12 million.
- **Counter guarantee provided or not:** IRICO Group to provide a counter guarantee.
- **Accumulative amount of external guarantee:** RMB240.12 million

I. SUMMARY OF THE GUARANTEE

The A Share Company held the 28th meeting of the seventh session of the board of directors on 26 August 2014, at which, the proposal in relation to provision of guarantee for a related party was considered and approved. It is approved that the A Share Company provide a loan guarantee of RMB50 million for Foshan Flat Panel Company, which will be counter-guaranteed by IRICO Group.

As IRICO Group is the indirect controlling shareholder of the A Share Company as well as the controlling shareholder of Foshan Flat Panel Company, the guarantee will constitute a connected guarantee. While considering this proposal, Mr. Guo Mengquan, Mr. Si Yuncong and Mr. Zhang Shaowen, connected directors of the A Share Company, abstained from voting.

The above proposal shall be submitted to the general meeting of the A Share Company for consideration and approval, connected persons who have interests in the connected transaction shall abstain from voting on the proposal at the general meeting.

II. GENERAL INFORMATION ON RELATED PARTY (GUARANTEED PARTY)

1. *General information on Foshan Flat Panel Company*

Registered capital:	RMB100 million
Corporate address:	Wusha Park, Science and Technology Park, Shunde District, Foshan City, Guangdong Province
Legal representative:	Wang Jianshe (汪建設)
Enterprise type:	Limited liability company
Business scope:	Flat panel display devices, electronic products and accessories, manufacture, development and operation of raw materials, and import and export of goods and technology

2. Information on substantial shareholders of Foshan Flat Panel Company

(1) Information on former shareholders:

No.	Name of shareholders	Amount of Investment (RMB0'000)	Shareholding (%)
1.	IRICO Display Devices Co., Ltd.* (彩虹顯示器件股份有限公司)	5,100	51%
2.	Shenzhen Hongyang Trading Company* (深圳虹陽工貿公司)	3,900	39%
3.	Foshan Shunde Chengshun Asset Management Co. Ltd.* (佛山市順德區誠順資產 管理有限公司)	1,000	10%

(2) Information on existing shareholders:

In April 2014, the A Share Company transferred its 51% equity interest in Foshan Flat Panel Company at quoting price of RMB1 to IRICO Group through China Beijing Equity Exchange, after which, IRICO Group became the controlling shareholder of Foshan Flat Panel Company. Relevant procedures in relation to the registration of the change with the industry and commerce administration authority are in the process.

3. Key Financial Data of Foshan Flat Panel Company

Currency: RMB Amount unit: 0'000 yuan

Item	31 December 2011	31 December 2012	31 December 2013
Total assets	84,604.55	54,409.71	37,873
Total liabilities	77,526.96	120,988.11	112,487
Net assets	7,077.59	-66,578.40	-74,614

Item	2011	2012	2013
Operating revenue	1,421.27	5,807.88	8,292
Net profit	-4,176.99	-73,655.99	-8,035

Note: Data set out above are extracted from the audit reports of SHINEWING CPA Limited (信永中和會計師事務所) for the years of 2011, 2012 and 2013.

III. MAIN CONTENTS OF THE DRAFT GUARANTEE AGREEMENT

Scope of guarantee: principal liabilities and interest accrued therefrom, default fine payable from debtor (including any default interest) and damage compensation, expenses arising from exercise of liabilities, etc.

Type and amount of the guaranteed principal liabilities: RMB50 million.

Type of guarantee: The guarantor shall undertake joint liabilities in respect of debtor's obligation under the master contract. Where the debtor fails to perform any or all of its obligation pursuant to the master contract, the creditor shall have the right to directly request the guarantor to undertake its guarantee obligation.

Guarantee obligation:

1. The guarantee period is from the effective date of the guarantee agreement until two years after the expiration of the term of master contract.

2. During the guarantee period, where the principal liabilities are transferred by the creditor to the third party, the guarantor shall continue to undertake its guarantee obligation to the extent of the original guarantee.
3. During the guarantee period, the liabilities transfer of the debtor approved by the creditor shall be subject to the written consent of the guarantor. In the event that such transfer of liabilities is conducted without the consent of guarantor, no guarantee obligation shall be undertaken by the guarantor.
4. During the guarantee period, the modification to master contract agreed by both parties shall be subject to the written consent of the guarantor. If no such written consent is granted, no guarantee obligation shall be undertaken by the guarantor.
5. During the guarantee period, where modification is made by the creditor and debtor to the quantity, consideration, currency and other relevant contents of the master contract without guarantor's consent, in the event that such modification reduces the liabilities undertaken by the debtor, the guarantor shall continue to assume its guarantee obligation under the revised contract; in the event that such modification increases the liabilities of the debtor, the guarantor shall have no guarantee obligation to the additional liabilities.
6. Where the term of master contract is amended by the creditor and the debtor without guarantor's written consent, the guarantee period shall be the period specified in the original contract or as required by laws.
7. Where modifications to the content of master contract made by creditor and debtor have not been effectively performed, the guarantor shall continue to undertake its guarantee obligation.
8. Where no request is made by the creditor against the guarantor to fulfil its guarantee obligation during the guarantee period prescribed herein, such obligation of guarantor shall be relieved.

IV. OPINIONS OF THE BOARD OF A SHARE COMPANY

The board of directors of the A Share Company is of the opinion that the guaranteed party has the ability to pay back the debt and it is counter-guaranteed by IRICO Group, which provides protection for the avoidance of guarantee risks. The independent directors of the A Share Company have reviewed the connected guarantee in advance and agreed to the connected guarantee. The independent directors of the A Share Company are of the opinion that the connected guarantee does not against the interests of A Share Company and non-connected shareholders. The decision making procedures of the connected guarantee are in compliance with relevant law, regulations, regulatory documents and rules of articles of association of the A Share Company.

As IRICO Group, the controlling shareholder of the Company, holds 51% equity interest in Foshan Flat Panel Company, and Foshan Flat Panel Company is an associate of IRICO Group, therefore Foshan Flat Panel Company is a connected person of the Company. As the Company maintains de facto control in the A Share Company, the A Share Company is a subsidiary of the Company.

As at the date of this announcement, the A Share Company has not entered into any agreement in respect of the proposed provision of guarantee to Foshan Flat Panel Company (the “**Proposed Guarantee Arrangement**”) and no terms have been agreed to. If the A Share Company will enter into any formal agreement in respect of the Proposed Guarantee Arrangement, it will constitute a connected transaction of the Company under the Hong Kong Listing Rules and the Company will then comply with relevant regulatory requirements applicable to the Company under the laws and regulations (including the Hong Kong Listing Rules).

As the Proposed Guarantee Arrangement may or may not proceed, shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
IRICO Group Electronics Company Limited*
Chu Xiaohang
Company Secretary

Shaanxi Province, the People's Republic of China
27 August 2014

As at the date of this announcement, the board of directors of the Company consists of Mr. Guo Mengquan and Mr. Zhang Junhua as executive directors of the Company, Mr. Si Yuncong, Mr. Huang Mingyan and Mr. Jiang Ahe as non-executive directors of the Company, and Mr. Xu Xinzhong, Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive directors of the Company.

* *For identification purposes only*