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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)

**MAJOR TRANSACTION IN RELATION TO  
THE ACQUISITION OF 30% EQUITY INTEREST IN  
JIANGSU YONGNENG**

The Board announces that, the Company, Sunlink Power, Suzhou Huilian, Suzhou Yongjin and Tiancheng Energy entered into the Equity Acquisition Variation Agreement on 22 March 2017 since all of the parties intended to complete the acquisition of 30% equity interest in Jiangsu Yongneng as soon as practicable through friendly negotiation. Pursuant to such agreement, the Company has conditionally agreed to acquire, and Sunlink Power, Suzhou Huilian and Tiancheng Energy have conditionally agreed to sell, an aggregate of 30% equity interest in Jiangsu Yongneng for a total cash consideration of RMB68,000,000. Upon completion of the Acquisition, the Company will hold 51% equity interest in Jiangsu Yongneng in aggregate, Jiangsu Yongneng will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

IRICO Group, which directly holds 1,601,468,000 domestic shares of the Company, representing approximately 71.74% of the issued share capital of the Company as at the date of the announcement, does not have any interest or benefit under the Acquisition. No Shareholder of the Company (including IRICO Group) would be required to abstain from voting at any general meeting of the Company, if convened, to approve the Acquisition. As such, the Acquisition will be approved by way of written shareholder's approval from IRICO Group in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules, provided that the accountants' report to be prepared in respect of Jiangsu Yongneng contains no qualified opinion by the reporting accountants pursuant to Rule 14.44 and Rule 14.86 of the Listing Rules. A circular containing information of the Acquisition will be issued and despatched to the Shareholders as soon as possible.

## **I. INTRODUCTION**

Reference is made to the announcement of the Company dated 29 September 2011 in relation to the Original Share Purchase Agreement entered into between the Company, Sunlink Power, Suzhou Huilian, Suzhou Yongjin and the then other shareholders of Jiangsu Yongneng, pursuant to which, the Company conditionally agreed to acquire an aggregate of 30% equity interest in Jiangsu Yongneng.

The Board announces that on 22 March 2017, the Company, Sunlink Power, Suzhou Huilian, Suzhou Yongjin and Tiancheng Energy entered into the Equity Acquisition Variation Agreement since all of the parties intended to complete the acquisition of 30% equity interest in Jiangsu Yongneng as soon as practicable through friendly negotiation. Pursuant to such agreement, the Company has conditionally agreed to acquire, and Sunlink Power, Suzhou Huilian and Tiancheng Energy have conditionally agreed to sell, an aggregate of 30% equity interest in Jiangsu Yongneng for a total cash consideration of RMB68,000,000.

The Company holds 21% equity interest in Jiangsu Yongneng as at the date of this announcement. Upon completion of the Acquisition, the Company will hold 51% equity interest in Jiangsu Yongneng in aggregate, Jiangsu Yongneng will become a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

## II. EQUITY ACQUISITION VARIATION AGREEMENT

The major terms of the Equity Acquisition Variation Agreement are summarized as follows:

**Date:** 22 March 2017

**Parties:**

- (a) Sunlink Power, as one of the sellers
- (b) Suzhou Huilian, as one of the sellers
- (c) Tiancheng Energy, as one of the sellers
- (d) the Company, as the purchaser
- (e) Suzhou Yongjin (as the other existing shareholder)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Sunlink Power, Suzhou Huilian, Suzhou Yongjin, Tiancheng Energy and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Acquisition subject:** Pursuant to the Equity Acquisition Variation Agreement, the Company has agreed to acquire, and Sunlink Power, Suzhou Huilian and Tiancheng Energy have agreed to sell, an aggregate of 30% equity interest in Jiangsu Yongneng.

**Consideration:** Pursuant to the Equity Acquisition Variation Agreement, the consideration of the Acquisition is RMB68,000,000.

The consideration was determined based on friendly and arm-length negotiations by the parties with reference to the consideration as agreed in the Original Share Purchase Agreement, actual operating status of Jiangsu Yongneng and other factors.

- Payment:** Pursuant to the Equity Acquisition Variation Agreement, the consideration for the equity transfer shall be payable by the Company in a lump sum to Sunlink Power, Suzhou Huilian and Tiancheng Energy within ten business days after the effectiveness of such agreement.
- Effectiveness:** The Equity Acquisition Variation Agreement shall be conditional upon the approval by the Shareholders of the Company.
- Completion:** The Acquisition shall be regarded as being completed upon completion of the registration procedures in respect of such equity transfer.

### **III. REASONS FOR AND BENEFITS OF THE ACQUISITION**

To implement the Company's existing strategy and obtain control over Jiangsu Yongneng, the Company proposes to further acquire an aggregate of 30% equity interest in Jiangsu Yongneng, as a result of which will extend the photovoltaic industry chain of the Company and enhance the comprehensive strength of the Company.

The Board believes that the Acquisition under the Equity Acquisition Variation Agreement is on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

### **IV. GENERAL INFORMATION OF THE PARTIES**

#### **Information of 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 battery and materials relevant to flat panel display; and the processing of quartz sand, an upstream material for photovoltaic glass.

#### **Information of the Counterparties**

Sunlink Power is a limited liability company incorporated in British Virgin Island, which is an investment holding company.

Suzhou Yongjin is a limited liability company incorporated in the PRC, which is principally engaged in investment and management, as well as purchase and sales of solar products.

Suzhou Huilian is a limited liability company incorporated in the PRC, which is principally engaged in the research and development of complete set of solar energy equipment as well as purchase and sales of solar products.

Tiancheng Energy is a limited liability company incorporated in the PRC, which is principally engaged in development and utilization of new energy technologies.

## V. INFORMATION OF JIANGSU YONGNENG

Jiangsu Yongneng is a limited liability company incorporated in the PRC, which is principally engaged in research, development and manufacturing of solar cells, solar modules, research and development, design, installation, debugging and maintenance of solar photovoltaic systems and building-integrated photovoltaics, and sales of self-made products.

The following sets out unaudited financial information of Jiangsu Yongneng prepared in accordance with China Accounting Standards for Business Enterprises:

	<b>As at 31 December 2016 (RMB)</b>	
Book value of total assets		592,065,905.02
	<b>For the year ended 31 December 2015 (RMB)</b>	<b>For the year ended 31 December 2016 (RMB)</b>
Net profits before taxation	5,209,885.07	16,528,000.04
Net profits after taxation	4,161,132.61	11,276,752.13

## VI. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

IRICO Group, which directly holds 1,601,468,000 domestic shares of the Company, representing approximately 71.74% of the issued share capital of the Company as at the date of the announcement, does not have any interest or benefit under the Acquisition. No Shareholder of the Company (including IRICO Group) would be required to abstain from voting at any general meeting of the Company, if convened, to approve the Acquisition. As such, the Acquisition will be approved by way of written shareholder's approval from IRICO Group in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules, provided that the accountants' report to be prepared in respect of Jiangsu Yongneng contains no qualified opinion by the reporting accountants pursuant to Rule 14.44 and Rule 14.86 of the Listing Rules.

As additional time is required to prepare, collate and finalize certain information (including financial information), indebtedness statement, working capital sufficiency statement and pro forma financial information of the enlarged Group, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules in respect of despatching the circular to the Shareholders within 15 business days after the publication of this announcement.

## VII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the proposed acquisition of an aggregate of 30% equity interest in Jiangsu Yongneng by the Company
“Board”	the board of directors 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 Stock Exchange

“Director(s)”	director(s) of the Company
“Equity Acquisition Variation Agreement”	the equity acquisition variation agreement entered into between the Company, Sunlink Power, Suzhou Huilian, Suzhou Yongjin and Tiancheng Energy on 22 March 2017 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“IRICO Group”	IRICO Group Corporation* (彩虹集團公司), a wholly state-owned enterprise and the controlling Shareholder of the Company directly holding approximately 71.74% of the issued share capital of the Company as at the date of this announcement
“Jiangsu Yongneng”	Jiangsu Yongneng Photovoltaic Technology Company Limited* (江蘇永能光伏科技有限公司), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Share Purchase Agreement”	the original share purchase agreement entered into between the Company, Sunlink Power, Suzhou Yongjin, Suzhou Huilian, and the then other shareholders of Jiangsu Yongneng on 29 September 2011, in relation to the acquisition of an aggregate of 30% equity interest in Jiangsu Yongneng
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administration Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunlink Power”	Sunlink Power Holdings Co., Ltd., a limited liability company incorporated in British Virgin Island
“Suzhou Huilian”	Suzhou Huilian Solar Energy Technology Co., Ltd.* (蘇州惠利安太陽能科技有限公司), a limited liability company incorporated in the PRC
“Suzhou Yongjin”	Suzhou Yongjin Investment Co., Ltd.* (蘇州永金投資有限公司), a limited liability company incorporated in the PRC
“Tiancheng Energy”	Jiangsu Tiancheng Energy Development Co., Ltd.* (江蘇天成能源發展有限公司), a limited liability company incorporated in the PRC
“%”	per cent

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

Shaanxi Province, the PRC  
22 March 2017

*As at the date of this announcement, the Board consists of Mr. Si Yuncong and Mr. Zou Changfu as executive Directors, Mr. Huang Mingyan and Mr. Chen Changqing as non-executive Directors, and Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive Directors.*

\* For identification purpose only