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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)

POSITIVE PROFIT ALERT

This announcement is made by IRICO Group New Energy Company Limited* pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company hereby announces that the Company is expecting to record an increase in the net profit attributable to shareholders of the Company for the six months ended 30 June 2018 in comparison with the corresponding period of 2017, up by 483%–550%.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by IRICO Group New Energy Company Limited* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby announces that the Company is expecting to record an increase in the net profit attributable to shareholders of the Company for the six months ended 30 June 2018 in comparison with the corresponding period of 2017, up by 483%–550%.

Details of and the reasons for such estimated increase are set out below:

1. ESTIMATED INCREASE

	For the six months ended 30 June	
	2018	2017
	(RMB)	(RMB)
	(Unaudited)	
Net profit/(loss) attributable to shareholders of the Company	approximately 175–195 million	30 million
Basic earnings/(loss) per share	approximately 0.078–0.087	0.013

2. REASONS FOR THE ESTIMATED INCREASE

In the first half of 2018, the Company achieved new breakthroughs in product yield and output, cut costs through lean production and energy conservation and consumption reduction, and optimized product structure to increase gross profit margin. In the meantime, the Company recorded revenue of approximately RMB144 million through transfer of 51% equity interest in Zhuhai Caizhu Industrial Co., Ltd.* (珠海彩珠寶業有限公司). For details, please refer to the Company's announcement dated 3 May 2018 and the circular dated 1 June 2018.

Therefore, the first half of 2018 is expected to record profit of RMB180–200 million, representing a year-on-year increase of 400%–456%, and net profit attributable to shareholders of the Company of approximately RMB175–195 million, up by 483%–550% from the same period last year.

The financial information for the six months ended 30 June 2018 set out above is solely based on preliminary assessment by the Company in accordance with the unaudited management accounts (prepared in accordance with the PRC Accounting Standards for Business Enterprises) and is not based on the financial information audited or reviewed by the Company's auditors. Shareholders of the Company and potential investors should note that detailed information on the Group's performance for the six months ended 30 June 2018 will be disclosed in its results announcement for the same period to be published in due course. There may be differences between such information and the estimated financial information set out above.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shaanxi Province, the PRC
12 July 2018

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*