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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
PROFIT ALERT ANNOUNCEMENT

This announcement is made by IRICO Group Electronics Company Limited* (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 (1) and Rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IRICO Display Devices Co., Ltd.*’s third quarterly report

Pursuant to the rules governing the disclosure of information of A-shares listed companies, IRICO Display Devices Co., Ltd.*, a subsidiary of the Company, with its A shares listed on the Shanghai Stock Exchange, published its third quarterly report of 2012 on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 26 October 2012. Please refer to the announcement attached below.

Profit Alert

The board of directors of the Company (the “**Board**”) hereby notifies shareholders and potential investors of the Company that the Group is expected to record a loss for the year ending 31 December 2012, as the coloured picture tube business of the Group continues to contract, the competition within the solar photovoltaic glass and luminous materials industry escalates, the prices of products remain low and the liquid crystal display glass substrate production line is still under progress and at the stage of trial production.

Since the annual results for the year ending 31 December 2012 of the Group are currently unavailable, the information contained in this announcement can only be considered as a preliminary evaluation made by the Board, which is based on the currently available information of the Group rather than any data or information audited or reviewed by the auditors of the Company. The annual results announcement for the year ending 31 December 2012 is expected to be published in March 2013.

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

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

Shaanxi Province, the PRC
25 October 2012

As at the date of this announcement, the Board consists of Mr. Tao Kui and Mr. Zhang Junhua as executive directors, Mr. Guo Mengquan, Mr. Niu Xinan, Mr. Fu Jiuquan and Mr. Zhang Weichuan as non-executive directors, and Mr. Xu Xinzhong, Mr. Feng Bing, Mr. Wang Jialu, Mr. Lv Hua and Mr. Zhong Pengrong as independent non-executive directors.

* *For identification purposes only*

IRICO Display Devices Co., Ltd.*

Third Quarterly Report of 2012

1 IMPORTANT NOTICE

1.1 The board of directors and the supervisory committee of the company and its directors, supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in this report, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the information contained herein.

1.2 All directors of the company attended the board meeting.

1.3 The company's third quarterly financial statements were unaudited.

1.4 Name of the company's Chairman	Mr. Li Miao
Name of the principal responsible accounting person	Mr. Chen Changqing
Name of the manager of the Accounting Department (Chief Accountant)	Ms. Qiu Dongfeng

The company's Chairman, Mr. Li Miao, the principal responsible accounting person, Mr. Chen Changqing, and the manager of the Accounting Department (Chief Accountant), Ms. Qiu Dongfeng, declare that they warrant the truthfulness and completeness of the financial statements contained in the quarterly report.

2 BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators

Currency: RMB

	As at the end of the reporting period	As at the end of the period last year	Change from the end of the period last year (%)
Total assets (<i>RMB</i>)	9,735,183,629.32	8,868,022,098.06	9.78
Owners' equity (or shareholders' equity) (<i>RMB</i>)	3,578,993,503.09	3,692,149,416.34	-3.06
Net assets per share attributable to shareholders of the company (<i>RMB/share</i>)	4.86	5.01	-2.99
		From the beginning of the year to the end of the reporting period (From January to September)	Change from the corresponding period last year (%)
Net cash flow from operating activities (<i>RMB</i>)		-83,721,378.72	N/A
Net cash flow from operating activities per share (<i>RMB/share</i>)		-0.11	N/A

	Reporting period (From July to September)	From the beginning of the year to the end of the reporting period (From January to September)	Change from the corresponding period last year (%)
Net profit attributable to shareholders of the company (<i>RMB</i>)	-41,806,641.74	-113,155,913.25	N/A
Basic earnings per share (<i>RMB/share</i>)	-0.057	-0.154	N/A
Basic earnings per share after extraordinary profit and loss (<i>RMB/share</i>)	-0.079	-0.189	N/A
Diluted earnings per share (<i>RMB/share</i>)	-0.057	-0.154	N/A
Weighted average return on net assets (%)	-1.03	-2.77	Decreased by 0.36 percentage point
Weighted average return on net assets after extraordinary profit and loss (%)	-1.44	-3.41	Decreased by 0.80 percentage point

Extraordinary profit and loss items and amount:*Unit: Yuan Currency: RMB*

Items	Amount From the beginning of the year to the end of the reporting period (From January to September)
Profit and loss from disposal of non-current assets	12,557,557.11
Government grants recognised through profit and loss (excluding those closely related to the company's normal operation, conformed to requirements of State policies, and continuously enjoyed in fixed amount or quality according to uniform standard)	13,226,565.43
Other non-operating incomes and expenses other than above items	1,047,088.73
Other profit and loss items fall within the meaning of non-recurring profit and loss	-472,822.50
Impact on income tax	
Impact on minority interests (after taxation)	
Total	<u><u>26,358,388.77</u></u>

2.2 Total number of shareholders and particulars of shareholding of the top 10 shareholders not subject to trading moratorium as at the end of the reporting period*Unit: Share*

Total number of shareholders as at the end of the reporting period	47,494
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Particulars of shareholding of the top 10 holders of circulating shares not subject to trading moratorium

Full names of shareholders	Number of circulating shares not subject to trading moratorium held as at the end of the reporting period	Class
IRICO Group Electronics Company Limited*	164,770,000	Ordinary shares denominated in RMB
Xiamen Hengxing Group (廈門恒興集團有限公司)	17,609,088	Ordinary shares denominated in RMB
Shanghai Shiji Investment Company Limited (上海石基投資有限公司)	16,256,244	Ordinary shares denominated in RMB
PICC Life Insurance Company Limited — Dividends — Individual Insurance Dividends (中國人民人壽保險股份有限公司 — 分紅 — 個險分紅)	15,123,200	Ordinary shares denominated in RMB
Shen Cangqiong (沈滄瓊)	11,894,615	Ordinary shares denominated in RMB
Jiangsu International Trust Corporation- Minsheng Subscription to New Shares Funds Trust No. 2 (江蘇省國際信託有限責任公司 — 民生新股自由打資金信託二號)	9,942,357	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China — EFUND Value Selected Stock Securities Investment Fund (中國工商銀行 — 易方達價值精選股票型證券投資基金)	7,302,184	Ordinary shares denominated in RMB

China Investment Securities Co., Ltd. — Client Account of Collateral Securities for Margin Trading (中國中投證券有限責任 公司客戶信用交易擔保證券賬戶)	4,537,966	Ordinary shares denominated in RMB
Li Zhenshu (李貞淑)	4,200,000	Ordinary shares denominated in RMB
Bank of China — First-Trust High Quality Life Equity Fund (中國銀行 — 泰信優質 生活股票型證券投資基金)	4,019,900	Ordinary shares denominated in RMB

3 SIGNIFICANT EVENTS

3.1 Material changes in major accounting items of the company and financial indicators and the reasons thereof

☒ Applicable ☐ Not Applicable

Material changes in balance sheet items of the company as at the end of the reporting period and the reasons thereof

Items	Balance as at the end of the period	Balance as at the beginning of the year	Percentage of increase (decrease) (%)
Bills receivable	5,868,036.69	28,100,632.44	-79.12%
Accounts receivable	119,171,356.80	82,832,378.61	43.87%
Prepayments	20,267,146.41	58,577,931.20	-65.40%
Other receivables	38,183,552.75	13,688,247.03	178.95%
Inventories	167,559,164.18	88,299,481.59	89.76%
Short-term borrowings	1,486,600,000.00	754,500,000.00	97.03%
Accounts payable	367,056,382.08	580,473,252.44	-36.77%
Employee remuneration payable	13,395,686.95	22,951,631.74	-41.64%
Interest payable	9,540,317.89	1,807,109.12	427.93%
Other non-current liabilities	257,276,422.35	190,488,664.83	35.06%

- (1) The decrease in bills receivable was mainly attributable to the decrease in sales volume of colored picture tubes of the company.
- (2) The increase in accounts receivable was primarily attributable to the increase in sales of the new industry products of the company.
- (3) The decrease in prepayments was mainly attributable to the prepayments made by the controlled subsidiaries of the company for newly-established projects and equipment being transferred to projects under construction.
- (4) The increase in other receivables was mainly attributable to the growth in export tax rebates and revolving funds of controlled subsidiaries during the reporting period.
- (5) The increase in inventories was primarily attributable to the increase in inventories of products during the reporting period.
- (6) The increase in short-term borrowings was primarily attributable to the receipt of short-term financing funds during the period.
- (7) The decrease in accounts payable was primarily attributable to the payments to suppliers during the reporting period.
- (8) The decrease in employee remuneration payable was primarily due to the payment of salaries which the company had not made provision for as at the end last year.
- (9) The increase in interest payable was primarily attributable to the increase in interest of loans during the reporting period.
- (10) The increase in other non-current liabilities was primarily attributable to the receipt of government subsidies by controlled subsidiaries during the reporting period.

Major changes in income statement items of the company as at the end of the reporting period and the reasons thereof

Items	Amount for the reporting period	Amount for the corresponding period last year	Increase/ (decrease) (%)
Administrative expenses	93,697,314.59	57,990,954.33	61.57%
Financial expenses	29,885,665.49	7,804,720.46	282.92%
Non-operating income	26,845,597.25	1,260,778.83	2029.29%

- (1) The increase in administrative expenses was mainly attributable to the increase in depreciation and other expenses during the reporting period.
- (2) The increase in financial expenses was mainly attributable to the increase in the interest of loans during the period.
- (3) The increase in non-operating income was mainly attributable to the increase in profit as a result of the disposal of certain production equipment of colored picture tubes during the period.

Major changes in cash flow items of the company as at the end of the reporting period and the reasons thereof

Items	Amount for the reporting period	Amount for the corresponding period last year	Increase/ (decrease) (%)
Net cash flows			
from operating activities	-83,721,378.72	-6,321,145.35	-1224.47%
Net cash flows			
from investment activities	-866,755,231.81	-1,822,227,714.65	52.43%
Net cash flows			
from financing activities	1,103,898,228.45	785,560,506.55	40.52%

- (1) The decrease in net cash flows from operating activities as compared with the corresponding period last year was mainly attributable to the significant decrease in income from the sales of the traditional business during the period.
- (2) The increase in net cash flows from investment activities as compared with the corresponding period last year was mainly attributable to the decrease in expenditure on investment activities of the controlled subsidiaries during the reporting period.
- (3) The increase in net cash flows from financing activities as compared with the corresponding period last year was mainly attributable to the receipt of short-term financing proceeds during the reporting period.

3.2 Analysis and description of significant events and their impacts and solutions

☒ Applicable ☐ Not Applicable

1. During the reporting period, there was no substantive progress in the non-public offering of the company. The company will, with reference to the conditions of the securities market and subject to the shareholders' proposal, grasp the opportunity to convene a board meeting to consider relevant matters in relation to the non-public offering in accordance with the basic condition of the company.
2. On 27 August 2012, the company completed the issue of the first tranche of short-term financing bonds for 2012, which involved a total amount of RMB0.8 billion and a coupon rate of 5.85% per annum.

3.3 Performance of undertakings of the company, shareholders and de facto controller of the company

☒ Applicable ☐ Not Applicable

IRICO Group Corporation, the de facto controller of the company, subscribed for 88,888,889 shares in the non-public offering of the company in July 2010 and undertook not to transfer such shares within 36 months since the completion of the non-public offering. IRICO Group Corporation has strictly fulfilled the undertaking.

3.4 Warnings on any potential loss in accumulated net profit for the period from the year beginning to the end of next reporting period or any material changes from the corresponding period last year and the reasons thereof

☒ Applicable ☐ Not Applicable

As the business of colour picture tubes continues to contract, which led the company's colour picture tube business to incur loss, the company has suspended the production of certain colour picture tube production lines and plans to shut down all colour picture tube production lines in 2012. The company has made breakthroughs in its new industry projects and one substrate and glass production line has completed inspection successfully and has been carried forward as a fixed asset. Nevertheless, the remaining production lines have not satisfied the condition of inspection and carrying forward. According to the preliminary estimation of the account department of the company, the company is expected to incur loss in 2012, details of which will be disclosed in details in the 2012 annual report of the company.

3.5 Implementation of the cash dividend policy during the reporting period

The company did not have any cash dividend distribution plan during the reporting period.

IRICO Display Devices Co., Ltd.

Legal representative: **Li Miao**

25 October 2012