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)

2011 ANNUAL RESULTS ANNOUNCEMENT

CHANGE OF CHAIRMAN AND MEMBER OF THE REMUNERATION COMMITTEE

CHANGE OF CHAIRMAN AND MEMBER OF THE NOMINATION COMMITTEE

The board (the "**Board**") of directors (the "**Directors**") of IRICO Group Electronics Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2011, together with the comparative figures for 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011** **RMB'000**	2010 RMB'000
Turnover	3	**3,270,348**	2,717,770
Cost of sales		**(3,164,459)**	(2,311,974)
Gross profit		**105,889**	405,796
Other operating income	5	**196,875**	98,068
Selling and distribution costs		**(86,412)**	(107,415)
Administrative expenses		**(325,703)**	(244,762)
Other operating expenses		**(6,776)**	(18,592)
Finance costs	6	**(79,736)**	(64,530)
Impairment loss recognised in respect of property, plant and equipment		**(416,544)**	(350)
Share of loss of associates		**(43,038)**	(24,233)
(Loss) profit before tax		**(655,445)**	43,982
Income tax expense	7	**(27,523)**	(5,277)
(Loss) profit for the year	8	**(682,968)**	38,705
(Loss) profit for the year attributable to:			
Owners of the Company		**(253,038)**	29,075
Non-controlling interests		**(429,930)**	9,630
		(682,968)	38,705

	NOTE	2011 RMB'000	2010 RMB'000
Other comprehensive (expense) income			
Exchange differences arising on translation		**237**	2,520
Share of exchange reserve of an associate		**(3,667)**	911
Other comprehensive (expense) income for the year		**(3,430)**	3,431
Total comprehensive (expense) income for the year		**(686,398)**	42,136
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(256,468)**	32,506
Non-controlling interests		**(429,930)**	9,630
		(686,398)	42,136
		RMB	RMB
(Loss) earnings per share (basic and diluted)	10	**(0.1134)**	0.0136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	NOTE	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**8,202,921**	5,830,486
Investment properties		**55,272**	50,170
Leasehold land and land use rights		**324,664**	151,533
Intangible assets		**870**	1,631
Interests in associates		**278,394**	327,044
Available-for-sale investment		**24,060**	24,060
Deposits paid for acquisition of property, plant and equipment		**196,001**	93,510
Deposit paid for acquisition of an associate		**73,500**	—
		9,155,682	6,478,434
Current assets			
Inventories		**402,839**	609,019
Trade and bills receivables	11	**545,034**	477,457
Other receivables, deposits and prepayments		**1,030,783**	531,764
Restricted bank balances		**104,716**	49,418
Bank balances and cash		**2,080,334**	2,698,430
		4,163,706	4,366,088

	NOTE	2011 RMB'000	2010 RMB'000
Current liabilities			
Trade and bills payables	12	**819,765**	711,943
Other payables and accruals		**1,065,524**	429,856
Tax payables		**3,733**	3,773
Bank and other borrowings — due within one year		**1,568,601**	1,173,272
Termination benefits		**3,112**	3,247
Obligations under finance leases		**60,717**	—
		3,521,452	2,322,091
Net current assets		**642,254**	2,043,997
Total assets less current liabilities		**9,797,936**	8,522,431
Capital and reserves			
Share capital		**2,232,349**	2,232,349
Other reserves		**1,329,286**	1,332,716
Accumulated losses		**(1,703,828)**	(1,450,790)
Equity attributable to owners of the Company		**1,857,807**	2,114,275
Non-controlling interests		**3,194,371**	3,623,424
Total equity		**5,052,178**	5,737,699
Non-current liabilities			
Bank and other borrowings — due after one year		**4,208,632**	2,446,768
Deferred income		**421,693**	323,230
Termination benefits		**7,567**	7,177
Obligations under finance leases		**99,526**	—
Deferred tax liabilities		**8,340**	7,557
		4,745,758	2,784,732
		9,797,936	8,522,431

1. GENERAL

IRICO Group Electronics Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 10 September 2004 as a joint stock company with limited liability under the Company Law of the PRC. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2004. The addresses of its registered office and principal place of business are No.1 Caihong Road, Xianyang, Shaanxi Province, the PRC.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in the manufacturing and trading of colour picture tubes ("CPTs"), luminous materials, thin film transistor liquid crystal display ("TFT-LCD") glass substrate and display devices and color photovoltaic glass, advanced glass, and trading of liquid crystal related products and display devices.

The directors of the Company consider that IRICO Group Corporation, a state-owned enterprise established in the PRC, is the Company's parent company and ultimate holding company.

The consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exception from Comparative HKFRS 7 Disclosure for First-time Adopters
Amendments to HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) — Interpretation ("Int") 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. Such adoption had no impact to the disclosures in these consolidated financial statements.

HKAS 24 Related Party Disclosure (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the followings two aspects:

(a) HKAS 24 (as revised in 2009) has changed the definition of a related party. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) has no significant impact to the disclosures in the consolidated financial statements.

(b) In addition, HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. The Group are government-related entities as defined in HKAS 24 (as revised in 2009). Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the PRC government that ultimately has control over the Group and (b) other entities that are controlled, jointly controlled, or significantly influenced by the PRC government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years. However, the related party disclosures have been changed to reflect the application of HKAS 24 (as revised in 2009).

The Group has not early applied the following new or revised standards that have been issued but are not yet effective:

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures — Transfer of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Insturments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangement[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[2]
HKAS 19(as revised in 2011)	Employee Benefits[4]
HKAS 27(as revised in 2011)	Separate Financial Statements[4]
HKAS 28(as revised in 2011)	Investments in Associate and Joint Ventures[4]
Amendments to HKAS 32	Presentation — Offering Financial Assets and Financial Liabilities[5]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2012.

3 Effective for annual periods beginning on or after 1 July 2012.

4 Effective for annual periods beginning on or after 1 January 2013.

5 Effective for annual periods beginning on or after 1 January 2014.

6 Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014 with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (hat is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation and disclosures

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The directors of the Company is assessing the impact of the HKFRS 10 and is not in the position to comment on the impact to the consolidated financial statements.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents revenue arising from sales of CPTs, luminous materials, liquid crystal related products, TFT-LCD glass substrate and display devices and solar photovoltaic glass products.

4. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chief executive officer, being the chief operating decision maker, with respect to resource allocation and performance assessment are as follows:

1. CPTs production and sales

2. Luminous materials production and sales

3. Liquid crystal related products production and sales

4. TFT-LCD glass substrate and display devices production and sales

5. Solar photovoltaic glass production and sales

During the year, CPTs and luminous material production and sales was separated into CPTs production and sales; and luminous material production and sales. The management concluded that they should be separately reported, as these two segments were monitored by the chief executive officer separately due to the different trends of their respective markets.

During the year, advanced glass and other production and sales was separated into TFT-LCD glass substrate and display devices production and sales; and solar photovoltaic glass production and sales. The management concluded that these two segments should be separately reported, as they were closely monitored by the chief executive officer that these two segments were different segments with potential growth and are expected to materially contribute to group revenue in the future.

The relevant segment information for the year ended 31 December 2010 was restated for the reclassification.

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2011

	CPTs production and sales	Luminous materials production and sales	Liquid crystal related products production and sales	TFT-LCD glass substrate and display devices production and sales	Solar photovoltaic glass production and sales	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE						
External sales	511,050	1,088,734	1,310,085	5,004	355,475	3,270,348
Segment (loss) profit	(346,724)	157,815	(922)	(337,207)	(26,530)	(553,568)
Unallocated income						31,931
Unallocated expenses						(11,034)
Finance costs						(79,736)
Share of loss of associates						(43,038)
Loss before tax						(655,445)

For the year ended 31 December 2010

	CPTs production and sales	Luminous materials production and sales	Liquid crystal related products production and sales	TFT-LCD glass substrate and display devices production and sales	Solar photovoltaic glass production and sales	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE						
External sales	1,368,502	463,014	747,605	—	138,649	2,717,770
Segment profit (loss)	51,901	39,851	22,357	(7,040)	32,208	139,277
Unallocated income						10,613
Unallocated expenses						(17,145)
Finance costs						(64,530)
Share of loss of associates						(24,233)
Profit before tax						43,982

Segment loss / profit represents the loss from / profit earned by each segment without allocation of central administration costs, directors' salaries, share of loss of associates, dividend income from available-for-sale investment, interest income and finance costs. This is the measure reported to the chief executive officer with respect to the resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

Segment assets

	2011	2010
	RMB'000	*RMB'000*
CPTs production and sales	**333,728**	1,021,227
Luminous materials production and sales	**524,163**	480,892
Liquid crystal related products production and sales	**567,768**	58,962
TFT-LCD glass substrate and display devices production and sales	**6,620,771**	5,257,848
Solar photovoltaic glass production and sales	**2,622,587**	876,471
Total segment assets	**10,669,017**	7,695,400
Unallocated assets	**2,650,371**	3,149,122
Consolidated total assets	**13,319,388**	10,844,522

Segment liabilities

	2011	2010
	RMB'000	*RMB'000*
CPTs production and sales	**243,892**	858,530
Luminous materials production and sales	**243,646**	95,257
Liquid crystal related products production and sales	**222,306**	57,642
TFT-LCD glass substrate and display devices production and sales	**903,335**	424,120
Solar photovoltaic glass production and sales	**650,202**	21,359
Total segment liabilities	**2,263,381**	1,456,908
Unallocated liabilities	**6,003,829**	3,649,915
Consolidated total liabilities	**8,267,210**	5,106,823

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to operating segments other than interests in associates, investment properties, available-for-sale investment, restricted bank balances and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

— all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities, bank and other borrowings, obligations under finance leases and liabilities for cash-settled share-based payments. Liabilities for which operating segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December 2011

	CPTs production and sales *RMB'000*	Luminous materials production and sales *RMB'000*	Liquid crystal related products production and sales *RMB'000*	TFT-LCD glass substrate and display devices production and sales *RMB'000*	Solar photovoltaic glass production and sales *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss for segment assets:							
Additions of non-current assets *(Note)*	1,997	55,193	19,067	2,212,888	1,662,096	—	3,951,241
Amortisation of leasehold land and land use rights and intangible assets	1,825	437	—	1,162	1,814	—	5,238
Depreciation of property, plant and equipment	22,012	11,856	1,949	23,654	33,032	—	92,503
Impairment losses on property, plant and equipment	105,234	—	—	311,310	—	—	416,544
Allowance for doubtful debts of trade and other receivables	3,616	3,818	1,902	—	—	—	9,336
Allowance on inventories	107,970	32,744	1,148	—	14,766	—	156,628
Gain on disposal of property, plant and equipment	(55,852)	—	—	—	—	—	(55,852)
Reversal of allowance for doubtful debts of trade and other receivables	—	(988)	—	—	—	—	(988)
Gain on disposal of a subsidiary	(12,871)	—	—	—	—	—	(12,871)
(Gain) loss on sales of raw materials, scraps and packaging materials	(73,270)	4,395	(3,981)	(8,334)	(808)	—	(81,998)

	CPTs production and sales	Luminous materials production and sales	Liquid crystal related products production and sales	TFT-LCD glass substrate and display devices production and sales	Solar photovoltaic glass production and sales	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts regularly provided to the chief executive officer but not included in the measure of segment profit or loss or segment assets:							
Interests in associates	—	—	—	—	—	278,394	278,394
Share of loss of associates	—	—	—	—	—	43,038	43,038
Interest income	(4,840)	(565)	(576)	(3,241)	(4,918)	—	(14,140)
Finance costs	—	7,569	1,377	—	—	70,790	79,736
Income tax expenses	10	25,457	1,636	—	420	—	27,523
Depreciation of investment properties	—	—	—	—	—	2,404	2,404

Note: Non-current assets excluded investment properties, interests in associates and available-for-sale investment.

Other segment information

For the year ended 31 December 2010

	CPTs production and sales	Luminous materials production and sales	Liquid crystal related products production and sales	TFT-LCD glass substrate and display devices production and sales	Solar photovoltaic glass production and sales	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Additions of non-current assets *(Note)*	9,829	17,248	8,287	3,959,009	317,148	—	4,311,521
Amortisation of leasehold land and land use rights and intangible assets	2,531	1,027	—	2,029	—	—	5,587
Depreciation of property, plant and equipment	19,335	8,016	1,363	19,779	6,298	—	54,791
Impairment losses on property, plant and equipment	350	—	—	—	—	—	350
Allowance for doubtful debts of trade and other receivables	593	16,914	126	—	—	—	17,633
Allowance on inventories	17,784	—	—	—	—	—	17,784
Gain on disposal of leasehold land and land use rights	(2,120)	—	—	—	—	—	(2,120)
Gain on disposal of property, plant and equipment	(9,894)	(1,402)	—	—	—	—	(11,296)
Reversal of allowance for doubtful debts of trade and other receivables	(31,042)	(18,464)	(138)	—	—	—	(49,644)
Gain on sales of raw materials, scraps and packaging materials	(3,601)	(6,005)	(428)	(47)	(47)	—	(10,128)

	CPTs production and sales	Luminous materials production and sales	Liquid crystal related products production and sales	TFT-LCD glass substrate and display devices production and sales	Solar photovoltaic glass production and sales	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts regularly provided to the chief executive officer but not included in the measure of segment profit or loss or segment assets:							
Interests in associates	—	—	—	—	—	327,044	327,044
Share of loss of associates	—	—	—	—	—	24,233	24,233
Interest income	(1,473)	(93)	—	(1,295)	(256)	—	(3,117)
Finance costs	—	2,037	755	1,182	—	60,556	64,530
Income tax expenses	10	4,477	790	—	—	—	5,277
Depreciation of investment properties	—	—	—	—	—	1,291	1,291

Note: Non-current assets excluded investment properties, interests in associates and available-for-sale investment.

Geographical information

The Group's operation is located in the PRC (country of domicile).

Information about the Group's revenue from external customers is presented based on the location of the operations as below:

	2011	2010
	RMB'000	*RMB'000*
The PRC (excluding Hong Kong)	**2,320,945**	2,357,172
Hong Kong	**211,270**	154,820
Europe	**169,755**	110,541
Other countries	**568,378**	95,237
	3,270,348	2,717,770

An analysis of non-current assets excluding financial instruments by geographical location in which the assets are located has not been presented as the Group's non-current assets are all located in the PRC.

Information about major customers

No information about major customer is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2011 and 2010.

5. OTHER OPERATING INCOME

	2011	2010
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**55,852**	11,296
Interest income	**14,140**	3,117
Sales of raw materials, scraps and packaging materials	**81,998**	10,128
Reversal of allowance for doubtful debts of trade and other receivables	**988**	49,644
Dividend income from available-for-sale investment	**2,175**	1,863
Rental income	**12,381**	5,290
Gain on disposal of land use right	**—**	2,120
Gain on disposal of an associate	**3,235**	—
Gain on disposal of a subsidiary	**12,871**	—
Amortisation of deferred income on government grants received	**8,743**	9,726
Others	**4,492**	4,884
	196,875	98,068

The direct operating expenses from investment properties that generated rental income amounted to approximately RMB1,667,000 (2010: RMB780,000) for the year ended 31 December 2011.

6. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**181,045**	66,493
Bank and other borrowings wholly repayable over five years	**75,186**	33,310
Discounted trade receivables to banks	**233**	4,826
Obligations under finance leases	**1,079**	—
Amount due to ultimate holding company	**1,168**	2,434
Total borrowing costs	**258,711**	107,063
Less: amounts capitalised in the cost of qualifying assets	**(178,975)**	(42,533)
	79,736	64,530

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.57% (2010: 6.40%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax	**26,740**	5,680
Deferred tax	**783**	(403)
Income tax expense	**27,523**	5,277

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong for the two years ended 31 December 2011 and 2010.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Group in the PRC is 25% from 1 January 2008 onwards.

Companies are entitled to the preferential tax treatment for Opening Up of Western China ("OUWC Policy") if they are engaged in the projects listed in the Catalogue for Industries, Products and Technologies Currently and Particularly Encouraged by the State for Development (as amended in year 2000) as their principal business and the revenue from the principal operations account for over 70% of their total revenue. The applicable reduced preferential EIT rate under the OUWC Policy is 15%. From 10 September 2004, date of incorporation of the Company, the operations of the Company have met the requirements under the OUWC Policy, and accordingly, EIT has been provided at 15% since then.

The operations of IRICO Display Devices Co., Ltd. ("A Share Company") and Xian IRICO Zixun Co., Ltd have met the requirements under the OUWC Policy for the two years ended 31 December 2011 and 2010, and accordingly, EIT has also been provided at 15%.

Xianyang IRICO Electronics Shadow Mask Co., Ltd. ("IRICO Shadow Mask") is Sino-foreign equity joint ventures engaging in the production business and is exempted from taxation for the first two profitable years and a 50% relief from the national PRC income tax rate (also exempted from paying the 3% local income tax) for the next three profitable years thereafter. As a result, IRICO Shadow Mask which was established in 2003 and the entity is in the exemption period for the two years ended 31 December 2011 and 2010.

Certain subsidiaries of the Group, which are registered in a special economic zone or a technological economic development zone, are taxed at preferential rates ranging from 22% to 24% for the two years ended 31 December 2011 and 2010.

8. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2011	2010
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**3,164,459**	2,311,974
Depreciation for property, plant and equipment	**92,503**	54,791
Depreciation for investment properties	**2,404**	1,291
Amortisation of leasehold land and land use rights	**4,477**	4,276
Amortisation of intangible assets	**761**	1,311
Allowance for doubtful debts of trade and other receivables (included in administrative expenses)	**9,336**	17,633
Research and development costs recognised as an expense	**18,918**	20,040
Allowance on inventories (included in cost of sales)	**156,628**	17,784
Operating lease rentals in respect of land use rights	**6,132**	6,295
Operating lease rentals in respect of property, plant and equipment	**41,176**	36,252
Net foreign exchange losses	**10,875**	6,637
Provision for warranty	**9,515**	3,639
Cash-settled share-based payments expense	**656**	11,463
Auditor's remuneration	**3,100**	2,850
Share of tax of associates (included in share of loss of associates)	**(99)**	(63)

9. DIVIDEND

No dividend was paid or proposed during 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

10. (LOSS) EARNINGS PER SHARE

(a) Basic

Basic (loss) earnings per share is calculated by dividing the (loss) profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the year ended 31 December 2011 and 2010.

	2011	2010
(Loss) profit for the year attributable to owners of the Company *(RMB'000)*	**(253,038)**	29,075
Weighted average number of ordinary shares in issue *('000)*	**2,232,349**	2,144,067

(b) Diluted

Diluted (loss) earnings per share was the same as the basic (loss) earning per share as there were no potential dilutive ordinary shares outstanding during the two years ended 31 December 2011 and 2010.

11. TRADE AND BILLS RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables		
— third parties	**350,941**	227,204
— related parties	**25,522**	71,987
	376,463	299,191
Less: allowance for doubtful debts	**(24,680)**	(16,758)
Trade receivables — net	**351,783**	282,433
Trade bills receivable		
— third parties	**193,251**	156,295
— related parties	**—**	38,729
	193,251	195,024
Total trade and bills receivables	**545,034**	477,457

The Group allows an average credit period ranging from cash on delivery to 90 days (2010: 90 days) to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2011	2010
	RMB'000	*RMB'000*
0 to 90 days	**287,482**	250,252
91 to 180 days	**40,514**	15,923
181 to 365 days	**14,804**	15,463
Over 365 days	**8,983**	795
	351,783	282,433

12. TRADE AND BILLS PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
— third parties	**574,300**	631,089
— related parties	**47,347**	71,854
	621,647	702,943
Trade bills payable		
— third parties	**198,118**	8,550
— related parties	**—**	450
	198,118	9,000
Total trade and bills payables	**819,765**	711,943

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	2011	2010
	RMB'000	*RMB'000*
0 to 90 days	**525,140**	610,704
91 to 180 days	**101,884**	57,335
181 to 365 days	**101,320**	26,186
Over 365 days	**91,421**	17,718
	819,765	711,943

The average credit period on purchases of goods is 90 days (2010: 90 days). The Group has financial risk management policies in place of ensure that all payables are settled within the credit timeframe.

RESULTS AND DIVIDEND

During the reporting period, the Group, through speeding up the development of new industries such as solar photovoltaic glass, luminous materials and LCD glass substrates, actively addressed the adverse effects posed by the complex economic landscape at home and abroad and the continuing recession of traditional display device sector. Projects under construction proceeded steadily; product craftsmanship was improved in a continuous manner; and sales revenue from new businesses recorded rapid growth. All these indicated that the Group has basically completed its strategic transformation.

In 2011, the Group recorded sales of RMB3,270,348,000, representing an increase of RMB552,578,000 as compared to last year. Operating losses amounted to RMB532,671,000, representing a decrease of RMB665,416,000 as compared to operating profits for the previous year. Gross profit margin was 3.24%, representing a decrease of 11.69% as compared to the previous year (2010: 14.93%). Losses attributable to owners of the Company amounted to RMB253,038,000 compared to profits of RMB29,075,000 for the same period last year.

The Company's dividend policy remains unchanged. In light of the absence of accumulated surplus in 2011, the Board has decided not to distribute any final dividend for the year ended 31 December 2011.

BUSINESS REVIEW

- **Solar Photovoltaic Glass Business**

  During the reporting period, the Group achieved relatively good progress in the industrialization and scale development of its solar photovoltaic glass business. With regard to the established production lines of solar photovoltaic glass, the operation proceeded normally and products were sold well. In 2011, the sales amount of solar photovoltaic glass representing a year-on-year increase of 156.38%. Through enhanced control and accurate management, the costs of solar photovoltaic glass business and relevant expenses were further reduced, thereby continuously increasing its market competitiveness. With regard to the solar photovoltaic glass Xianyang Phase III Project, Xianyang Phase IV Project and Hefei Project which are under construction, the construction work proceeded well and equipment installation and commissioning were conducted in an orderly manner. In 2012, the Group will successively put these projects into trial production depending on the market conditions of solar photovoltaic industry. As for the value-added glass such as coated glass, the Group has commenced industrialisation development with a view to raising product added value and enhancing profitability.

- **Luminous Materials Business**

  During the reporting period, on one hand, the prices of rare earth materials saw drastic fluctuations as China tightened its control over rare earth resources; on the other hand, the market demand for rare earth materials was shrinking as a result of an obviously weakening global economy. Facing a complex external business environment, the Group took the initiative, conducted prudent analysis and successfully secured orderly and stable production and sale of luminous materials. By way of improving product quality and after-sales services, implementing differentiated marketing campaigns and reasonably adjusting selling prices, the Group effectively addressed the drastic price fluctuations of raw materials; by way of energy saving and enhanced cost control, the Group further raised the market competitiveness of its products; and by way of strengthening technical research and development and increasing marketing efforts, the Group further broadened its product range and greatly sped up the commercialisation of its new products. During the reporting period, the sales volume of the Group's energy saving lamp phosphor basically remained the same level as that of the previous year; the sales volume of CCFL phosphor recorded an increase of approximately 25% as compared to that of the previous year; and the sales of such new products as PDP phosphor, lithium battery powder and electronic silver paste remained steady with certain increase. As a whole, the Group's luminous materials businesses' results have achieved significant increase as compared to that of the previous year.

- **TFT-LCD Glass Substrate Business**

  During the reporting period, the Group obtained interim achievements in the construction and operation of TFT-LCD glass substrate projects. Currently, six LCD glass substrate production lines have been put into operation and four of them have started mass production with manufacturing craftsmanship and comprehensive yield rate being improved constantly. The accreditation of LCD glass substrate products was smoothly progressing. Currently, four downstream users have completed the accreditation. Products sales in batch have been made to two users and pre-purchase negotiations were under way with two users with sales in batch on the horizon.

- **Display Device Business**

  During the reporting period, as the CPT industry continued to shrink rapidly, the Group adopted a series of effective measures to minimize the impact of CPT business on our operating results so as to secure a smooth transition from an old industry to a new one. The Group will shut down its CPT production lines and quit this industry in 2012.

  The Group's production line of PM-OLED, the third generation display device, has been put into production.

FINANCIAL REVIEW

(1) Overall performance

- **Turnover and gross profit margin**

  In 2011, the Group recorded a turnover of RMB3,270,348,000, representing an increase of RMB552,578,000, or 20.33% from 2010. Of which, turnover of the CPTs and components business amounted to RMB511,050,000, representing a decrease of RMB857,452,000 or 62.66% from 2010; turnover from luminous materials amounted to RMB1,088,734,000, representing an increase of RMB625,720,000 or 135.14% from 2010; turnover from liquid crystal related products amounted to RMB1,310,085,000, representing an increase of RMB562,480,000 or 75.24% from 2010; and turnover from solar photovoltaic glass amounted to RMB355,475,000, representing an increase of RMB216,826,000 or 156.38% from 2010; The overall gross profit margin of the Group decreased from 14.93% in 2010 to 3.24% in 2011, which was mainly attributable to (1) the profitability of CRT and solar photovoltaic business declined due to the effects of European debt crisis; and (2) impairment provision of RMB156,628,000 made for certain inventory.

- **Administrative expenses**

  The Group's administrative expenses for 2011 increased by RMB80,941,000, or 33.07%, to RMB325,703,000 from RMB244,762,000 in 2010. The increase in administrative expenses was mainly attributable to (1) the shrinking CPT industry and excess production capacity which led to more shutdown losses; and (2) office premises of certain newly-built projects were completed and transferred into fixed assets which led to increase in depreciation.

- **Finance costs**

  The Group's finance costs in profit and loss for 2011 was RMB79,736,000 (net of interest expense capitalised amounting to RMB178,975,000), representing an increase of RMB15,206,000, or 23.56%, from RMB64,530,000 in 2010. The increase in finance cost was mainly attributable to more bank borrowings and finance lease payments for development of new business and higher interest rates for bank loans.

(2) Current assets and financial resources

As at 31 December 2011, the Group's cash and bank balances amounted to RMB2,080,334,000, representing a decrease of 22.91% from RMB2,698,430,000 as at 31 December 2010. For the year ended 31 December 2011, the Group's capital expenditures totalled RMB3,493,197,000 (31 December 2010: RMB4,337,350,000). Net cash from operating activities amounted to RMB327,074,000 (31 December 2010: RMB305,044,000), while net cash from financing activities and net cash from investing activities were RMB2,108,528,000 (31 December 2010: RMB5,383,876,000) and RMB-3,053,859,000 (31 December 2010: RMB-4,070,671,000) respectively. As at 31 December 2011, the Group's total borrowings was RMB5,777,233,000, of which borrowings due within one year amounted to RMB1,568,601,000 and borrowings with maturity beyond one year amounted to RMB4,208,632,000. As at 31 December 2010, the Group's total borrowings was RMB3,620,040,000, of which borrowings due within one year amounted to RMB1,173,272,000 and borrowings with maturity beyond one year amounted to RMB2,446,768,000.

As at 31 December 2011, the Group's bank loans amounting to approximately RMB3,452,233,000 (31 December 2010: RMB2,384,040,000) were secured by certain properties, plants and equipment and land use rights of the Group with an aggregate net carrying amount of approximately RMB2,007,041,000 (31 December 2010: RMB1,002,247,000). As at 31 December 2011, the bank loans guaranteed by the Company's ultimate holding company amounted to approximately RMB919,000,000 (31 December 2010: RMB476,000,000).

For the year ended 31 December 2011, the turnover days for trade receivables of the Group was 60 days, representing an decrease of 4 days as compared to 64 days for the year ended 31 December 2010, which was mainly attributable to the intensified efforts made by the Group to recover trade receivables while expanding the market, which led to year-on-year increase of sales by 20.33% and year-on-year increase of trade receivables by 14.15%. For the year ended 31 December 2011, the inventory turnover days of the Group was 46 days, representing a decrease of 50 days from 96 days for the year ended 31 December 2010, which was mainly attributable to the effective measures taken by the Group to strengthen inventory control and management and reduce inventory.

(3) Capital structure

As at 31 December 2011, the Group's borrowings were mainly denominated in Renminbi and US dollar, while its cash and bank balances were mainly denominated in Renminbi, Hong Kong dollar and US dollar. The Group intends to maintain a suitable ratio of share capital to liabilities, to ensure an effective capital structure. As at 31 December 2011, its total borrowings (including bank and other borrowings and obligations under finance leases) was RMB5,937,476,000 (31 December 2010: RMB3,620,040,000) while cash and bank balances was RMB2,080,334,000 (31 December 2010: RMB2,698,430,000) and the gearing ratio (total liabilities/total assets) was 62.0% (31 December 2010: 47.0%).

(4) Foreign exchange risk

The Group's income and most of its expenses are denominated in Renminbi and US dollar. For the 12 months ended 31 December 2011, the operating cost of the Group increased by RMB10,875,000 (31 December 2010: RMB6,637,000) as a result of exchange rate fluctuations.

(5) Commitments

As at 31 December 2011, capital expenditure commitments of the Group amounted to RMB2,586,802,000 (31 December 2010: RMB1,874,721,000), which were mainly financed by the Group's working capital.

(6) Contingent liabilities

As at 31 December 2011, the Group had no material contingent liability.

(7) Pledged assets

As at 31 December 2011, the Group's bank loans amounted to approximately RMB3,452,233,000 (31 December 2010: RMB2,384,040,000) was secured by certain properties, plants and equipment and land use rights of the Group with an aggregate carrying value of approximately RMB2,007,041,000 (31 December 2010: RMB1,002,247,000).

Property, plant and equipment with an aggregate carrying amount of approximately RMB222,996,000 is held under finance lease.

FUTURE PROSPECTS

Looking into 2012, the Group will adhere to the operational guideline of "achieving steady and fast growth by adjustment and optimization", strengthen its independent innovation and improve its operating results. The Group is to witness a new chapter in its operations.

As the newly-built solar photovoltaic glass business projects are to put into operation in succession, both the output and sales will see rapid increase with more apparent scale advantages and increasing market competitiveness. In addition, progress will be made in the development of the Group's value-added glasses such as coated glass.

As to the luminous material business, while ensuring the satisfactory performance of the business of energy saving lamp phosphors, the Group will further promote the commercialisation of its new products such as electronic silver paste, PDP phosphor and lithium battery powder.

As to LCD glass substrate business, the production craftsmanship will be improved in a continuous manner, and a breakthrough will be achieved in product sales. Other production lines that are under construction will also proceed smoothly as scheduled and be put into operation in succession, which will constantly provide and enhance economies of scale and competitive advantages to the Group's LCD glass substrate business.

PURCHASE, REDEMPTION AND SALE OF SHARES OF THE COMPANY

Neither has the Company nor any of its subsidiaries purchased, redeemed or sold any shares of the Company during this reporting period.

MATERIAL LITIGATION

As at the date of this announcement, save as disclosed below, the Directors were not aware of any other litigation or claim of material importance pending or threatened by or against any member of the Group.

- **Claims by Fanshawe College against the Company and A Share Company**

  The Company and A Share Company received a statement of claim from the Ontario Superior Court of Justice Canada in respect of a litigation brought by the Fanshawe College of Applied Arts and Technology ("Fanshawe College") in August 2009 and July 2009 respectively. The Company's preliminary assessment is that the claim will not pose any negative impact on the business operation of the Group.

- **Claims by Curtis Saunders against the Company and A Share Company**

  In January 2010, IRICO Group, the Company and A Share Company received a statement of class action from Vancouver Registry of the Supreme Court of British Columbia, Canada (加拿大不列顛哥倫比亞省高級法院溫哥華市書記官處). The Company's preliminary assessment is that the claim will not pose any negative impact on the business operation of the Group. Please refer to the announcement of the Company dated 25 January 2010 for the details of the class action.

- **Claims by American Crago Company against A Share Company**

  In January 2008, A Share Company, a subsidiary of the Company, received a statement of class action from the U.S. District Court, Northern District of California in respect of a class action being brought by American Crago Company on behalf of itself and other companies for the similar issue. The Company and A Share Company's preliminary assessment is that the claim will not pose any negative impact on normal business operation of the Group.

  During the reporting period, there was no latest development in the pending litigations disclosed previously. The Directors of the Company consider that such cases did not have any material impact on the financial statements of the Group for the year ended 31 December 2011. For details of such cases, please refer to the 2010 annual report of the Company dated 11 April 2011.

DESIGNATED DEPOSIT AND OVERDUE TIME DEPOSIT

As at 31 December 2011, the Group had no designated deposits in any financial institutions in China. All of the Group's bank deposits are placed with commercial banks in China, and are in compliance with the relevant laws and regulations. There were also no instances where the Group had failed to collect any of the time deposits upon maturity.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the documents regarding the Company's adoption of relevant corporate governance practices, and is of the opinion that the documents are in compliance with the code provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 to the Listing Rules.

The Directors are not aware of any information that would reasonably reflect the non-compliance of the Company or any of its Directors with the Code at any time in the year ended 31 December 2011. The Board considers that the Company has fully complied with the principles and code provisions set out in the Code during the reporting period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Company's consolidated financial statements for the year ended 31 December 2011, including accounting principles adopted by the Group.

CHANGE OF CHAIRMAN AND MEMBER OF THE REMUNERATION COMMITTEE

In order to comply with the revisions to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") which will take effect on 1 April 2012, Mr. Wang Jialu, an independent non-executive Director of the Company, will act as the chairman of the remuneration committee of the Company ("**Remuneration Committee**") in place of Mr. Tao Kui, an executive Director of the Company who will also cease to be a member of the Remuneration Committee. Meanwhile, Mr. Guo Mengquan, a non-executive Director of the Company, has been appointed as a member of the Remuneration Committee of the Company. With effect from 28 March 2012, the Remuneration Committee is chaired by Mr. Wang Jialu and comprises three other members, namely, Mr. Guo Mengquan, Mr. Feng Bing and Mr. Lv Hua.

CHANGE OF CHAIRMAN AND MEMBER OF THE NOMINATION COMMITTEE

Since Mr. Xing Daoqin, the Chairman of the Company, passed away on 6 November 2011, Mr. Tao Kui, the Vice Chairman of the Company, has been acting on his behalf pending formal appointments. Given that and in order to comply with the revisions to the Listing Rules which will take effect on 1 April 2012, Mr. Tao Kui, the Vice Chairman of the Company, is appointed as the chairman of the nomination committee of the Company ("**Nomination Committee**"), and Mr. Zhong Pengrong, an independent non-executive Director of the Company, is elected as a member of the Nomination Committee. With effect from 28 March 2012, the Nomination Committee is chaired by Mr. Tao Kui and comprises six other members, namely, Mr. Guo Mengquan, Mr. Niu Xinan, Mr. Feng Bing, Mr. Xu Xinzhong, Mr. Wang Jialu and Mr. Zhong Pengrong.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITE OF THE HONG KONG STOCK EXCHANGE

The 2011 Annual Report of the Company will be published on the Company's website at http://www.irico.com.cn and the website of the Hong Kong Stock Exchange in due course.

By order of the board of directors
IRICO Group Electronics Company Limited
Chu Xiaohang
Joint Company Secretary

Shaanxi Province, the PRC

28 March 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*