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)

2013 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of IRICO Group Electronics Company Limited* (the "**Company**") hereby announce the unaudited condensed consolidated interim results and financial status of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2013, together with comparative figures, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover	4	**1,153,399**	1,223,344
Cost of sales		**(1,129,329)**	(1,240,484)
Gross profit (loss)		**24,070**	(17,140)
Other operating income		**54,450**	34,862
Selling and distribution costs		**(38,435)**	(31,462)
Administrative expenses		**(154,408)**	(124,033)
Other operating expenses		**(587)**	(11,242)
Finance costs	5	**(107,170)**	(63,288)
Share of loss of associates		**(14,901)**	(17,764)
Loss before tax		**(236,981)**	(230,067)
Income tax credit (expenses)	6	**257**	(11,706)
Loss for the period	7	**(236,724)**	(241,773)

	Note	Six months ended 30 June **2013** **RMB'000** **(Unaudited)**	2012 RMB'000 (Unaudited)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**(38)**	90
Share of exchange reserve of an associate		**(2,635)**	554
Other comprehensive (expense) income for the period		**(2,673)**	644
Total comprehensive expense for the period		**(239,397)**	(241,129)
Loss for the period attributable to:			
Owners of the Company		**(171,695)**	(169,518)
Non-controlling interests		**(65,029)**	(72,255)
		(236,724)	(241,773)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(174,368)**	(168,874)
Non-controlling interests		**(65,029)**	(72,255)
		(239,397)	(241,129)
Loss per share - Basic and diluted *(RMB cents)*	9	**(7.69)**	(7.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	**30 June 2013** *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**7,756,684**	7,467,134
Properties under development		**56,387**	56,358
Investment properties		**25,338**	19,136
Leasehold land and land use rights		**295,229**	298,816
Intangible assets		**951**	1,085
Interests in associates		**96,168**	113,904
Available-for-sale investment		**24,060**	24,060
Deposits paid for acquisition of property, plant and equipment		**49,130**	127,479
		8,303,947	8,107,972
Current assets			
Inventories		**347,246**	305,172
Trade and bills receivables	10	**726,204**	658,981
Other receivables, deposits and prepayments		**1,206,223**	1,279,068
Held-to-maturity investments		**300,000**	600,000
Restricted bank balances		**40,533**	66,089
Bank balances and cash		**933,205**	1,278,852
		3,553,411	4,188,162

	Note	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Current liabilities			
Trade and bills payables	11	**1,079,529**	847,119
Other payables and accruals		**1,040,828**	1,348,482
Tax payables		**1,342**	9,498
Bank and other borrowings - due within one year		**3,520,821**	2,723,490
Termination benefits		**155,556**	158,394
Obligations under finance leases		**67,389**	66,090
		5,865,465	5,153,073
Net current liabilities		**(2,312,054)**	(964,911)
Total assets less current liabilities		**5,991,893**	7,143,061
Capital and reserves			
Share capital		**2,232,349**	2,232,349
Other reserves		**1,341,918**	1,340,250
Accumulated losses		**(3,537,668)**	(3,365,921)
Equity attributable to owners of the Company		**36,599**	206,678
Non-controlling interests		**1,311,836**	1,435,337
Total equity		**1,348,435**	1,642,015

	Note	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings - due after one year		**4,061,946**	4,893,643
Deferred income		**567,637**	559,831
Termination benefits		**6,007**	6,117
Obligations under finance leases		**—**	33,430
Deferred tax liabilities		**7,868**	8,025
		4,643,458	5,501,046
		5,991,893	7,143,061

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. GENERAL INFORMATION

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 address 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, liquid crystal related products, thin film transistor liquid crystal display ("**TFT-LCD**") glass substrate and display devices and solar photovoltaic glass.

1. GENERAL INFORMATION *(Continued)*

The directors of the Company consider that IRICO Group Corporation, a state-owned enterprise established in the PRC, was the Company's immediate holding company and ultimate holding company for the six months ended 30 June 2012.

During the year ended 31 December 2012, China Electronics Corporation, a wholly state-owned company incorporated in the PRC, was established and acquired entire equity interest of IRICO Group Corporation. Therefore the directors of the Company consider that IRICO Group Corporation is the Company's parent company. Its ultimate holding company is China Electronics Corporation.

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

2. BASIS OF PREPARATION

(a) The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) The Group reported a loss of approximately RMB236,724,000 for the period ended 30 June 2013. The Group had net current liabilities of approximately RMB2,312,054,000 as at 30 June 2013. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period given that:

    (i) IRICO Group Corporation, the parent company of the Company will provide financial support to the Group and the Company to meet the Group's and the Company's liabilities and commitments as and when it falls due; and

2. BASIS OF PREPARATION *(Continued)*

(ii) the directors of the Company anticipate that the Group and the Company will generate positive cash flows from its operations.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrange-ments and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)- Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. 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 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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 34 Interim Financial Reporting

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 - 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM considered there was material change in segment assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has included segment asset and liabilities information as part of segment information.

The Group has not early adopted new and revised HKFRSs, interpretations and amendments (hereinafter collectively referred to as "New HKFRSs") that have been issued but are not yet effective as at 30 June 2013. The directors of the Company anticipate that the adoption of the New HKFRSs will have no material impact on the condensed consolidated financial statements.

4. SEGMENT INFORMATION

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

	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*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2013						
REVENUE						
External sales	109,920	183,182	644,904	71,139	144,254	1,153,399
Segment (loss) profit	(55,077)	7,956	(105)	(25,848)	(64,027)	(137,101)
Unallocated income						23,165
Unallocated expenses						(974)
Finance costs						(107,170)
Share of loss of associates						(14,901)
Loss before tax						(236,981)

4. SEGMENT INFORMATION *(Continued)*

	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*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2012						
REVENUE						
External sales	163,364	308,572	652,803	12,198	86,407	1,223,344
Segment (loss) profit	(65,146)	21,003	(145)	(47,822)	(72,127)	(164,237)
Unallocated income						16,680
Unallocated expenses						(1,458)
Finance costs						(63,288)
Share of loss of associates						(17,764)
Loss before tax						(230,067)

4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segments:

At 30 June 2013

	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*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	**109,914**	**661,178**	**506,080**	**6,751,848**	**2,335,779**	**10,364,799**
Unallocated corporate assets						**1,492,559**
Consolidated total assets						**11,857,358**

At 31 December 2012

	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*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	222,208	653,884	529,132	6,440,194	2,276,372	10,121,790
Unallocated corporate assets						2,174,344
Consolidated total assets						12,296,134

4. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's liabilities by reportable and operating segments:

At 30 June 2013

	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*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment liabilities	109,047	330,740	290,348	1,167,240	1,046,805	2,944,180
Unallocated corporate liabilities						7,564,743
Consolidated total liabilities						10,508,923

At 31 December 2012

	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*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment liabilities	179,918	306,561	311,930	1,098,987	999,292	2,896,688
Unallocated corporate liabilities						7,757,431
Consolidated total liabilities						10,654,119

5. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on:		
Bank and other borrowings wholly repayable within five years	**131,008**	102,904
Bank and other borrowings wholly repayable over five years	**61,616**	56,528
Discounted trade receivables to banks	**799**	52
Obligations under finance leases	**3,499**	6,028
Amount due to ultimate holding company	**37,488**	31,432
Total borrowing costs	**234,410**	196,944
Less: amounts capitalised in the cost of qualifying assets	**(127,240)**	(133,656)
	107,170	63,288

Borrowing costs capitalised during the period arose on general borrowings pool and are calculated by applying a capitalisation rate of 6.57% per annum (2012: 6.29% per annum) to expenditure on qualifying assets.

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax (credit) expense:		
PRC Enterprise Income Tax	**(100)**	11,706
Deferred tax	**(157)**	—
	(257)	11,706

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 both periods ended 30 June 2013 and 2012.

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) and Guiding Catalogue for Industrial Structure Adjustment (2011), which was applicable for the six months ended 30 June 2012, 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 Luminous Material Co., Ltd and Xian IRICO Zixun Co., Ltd, have met the requirements under the OUWC Policy for the six months ended 30 June 2013 and 2012, and accordingly, EIT has also been provided at 15%.

6. INCOME TAX (CREDIT) EXPENSE *(Continued)*

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 50% relief period for the six months ended 30 June 2012. During the year ended 31 December 2012, the tax concession period is expired and income tax expenses are charged on the estimated assessable profits at 25% in accordance with taxation ruling in the PRC for the six months ended 30 June 2013.

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%. The tax concession was expired on 31 December 2011 and the tax rate of certain subsidiaries is 25% from 1 January 2012 onwards.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**134**	138
Amortisation of leasehold land and land use rights	**3,587**	4,079
Depreciation of property, plant and equipment	**65,568**	57,305
Depreciation of investment properties	**540**	1,368
Cost of inventories recognised as an expense	**1,129,329**	1,240,484
Employee benefit expenses	**170,806**	211,863
Research and development costs	**3,390**	11,712
Provision for warranty	**1,460**	2,435
Impairment losses on trade receivables	**6,215**	4,134
Operating lease rentals in respect of leasehold land and land use right	**6,695**	3,765
Operating lease rentals in respect of property, plant and equipment	**16,808**	9,453
Allowance of inventories (included in cost of sales)	**918**	18,848
Share of tax of associates (included in share of loss of associates)	**—**	554
Amortisation of deferred income on grants received	**(27,079)**	(11,986)
Cash-settled share-based payments expenses (income)	**327**	(303)
Dividend income from available-for-sale investment	**(6,109)**	(2,175)
Dividend income from held-to-maturity investments	**(9,848)**	—
Gain on disposal of property, plant and equipment	**(181)**	(11,787)
Reversal of impairment losses on trade and other receivables	**(2,736)**	(2,847)
Bank interest income	**(6,143)**	(10,106)

8. DIVIDEND

No dividends were paid, declared or proposed during both the interim periods. The directors of the Company have determined that no dividend will be paid in respect of both the interim periods.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to owners of the Company for the six months ended 30 June 2013 of approximately RMB171,695,000 (six months end 30 June 2012: RMB169,518,000) and the weighted average number of approximately 2,232,349,000 (six months end 30 June 2012: 2,232,349,000) ordinary shares in issue during the period.

As there were no dilutive potential shares during bath periods ended 30 June 2013 and 2012, the diluted loss per share is the same as basic loss per share for both periods.

10. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers.

The following is an aged analysis of trade receivables (net of accumulated impairment losses of approximately RMB25,498,000) (at 31 December 2012: net of accumulated impairment losses of approximately RMB21,516,000) presented based on the invoice date, which approximately the revenue recognition date, at the end of the reporting period:

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
0 to 90 days	**398,727**	397,762
91 to 180 days	**126,123**	73,758
181 to 365 days	**31,231**	24,021
Over 365 days	**11,126**	9,458
	567,207	504,999
Bills receivables	**158,997**	153,982
	726,204	658,981

11. TRADE AND BILLS PAYABLES

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**407,811**	323,796
91 to 180 days	**276,422**	114,079
181 to 365 days	**40,202**	35,977
Over 365 days	**158,182**	137,684
	882,617	611,536
Bills payables	**196,912**	235,583
	1,079,529	847,119

12. EVENTS AFTER THE END OF REPORTING PERIOD

Disposal of certain assets of A Share Company

On 1 August 2013, A Share Company has announced that it intends to transfer (a) its 5.01% equity interest in Western Trust Co., Ltd., which was recognised as available-for-sale investment in the condensed consolidated statements of financial position as at 30 June 2013 and 31 December 2012, whose equity interest is partially owned by A Share Company, at a minimum consideration of approximately RMB245,314,000 (b) its 51% of equity interest in IRICO (Foshan) Flat Panel Display Co., Ltd., a subsidiary of A Share Company at a minimum consideration of RMB1.00 and (c) certain plants, lands and properties held by the A Share Company at a minimum consideration of approximately RMB236,237,000 through the process of open tender and auction. Further details of the disposal transactions are set out in the Company's announcements dated 31 July 2013, 22 August 2013 and 23 August 2013. The disposal transactions are subject to the approval of shareholders meeting of the Company.

RESULTS AND DIVIDEND

During the reporting period, the Group recorded sales of RMB1,153,399,000, representing a decrease of 5.72% year on year. The loss attributable to owners of the Company was RMB171,695,000, representing a year-on-year increase of 1.28% (loss attributable to owners of the Company for the first half of 2012 was RMB169,518,000).

As there was no accumulated surplus in the first half of 2013, the Board resolved not to distribute any interim dividend for the six months ended 30 June 2013.

BUSINESS REVIEW AND OUTLOOK

1. Operation Highlights

During the reporting period, the Group suffered a loss due to the grim conditions of market competition despite a slight rise in product prices of the solar photovoltaic glass business, intensifying competition in the energy saving lamp phosphors market and the industrialization of new materials such as electronic silver paste and lithium battery cathode materials yet to be further enhanced as for the business of luminous materials and other new materials, as well as the fact that the LCD glass substrates business is still at the stage of trial operation. In the first half of 2013, the Group recorded sales of RMB1,153,399,000, representing a year-on-year decrease of 5.72%. The loss attributable to owners of the Company was RMB171,695,000, representing a year-on-year increase of 1.28% (loss attributable to owners of the Company for the first half of 2012 was RMB169,518,000).

2. Business Achievements

(1) Solar Photovoltaic Glass Business

During the reporting period, the condition of the solar photovoltaic glass market remained grave, and the Group hence still faced great pressure on the production and operation of its solar photovoltaic glass business. On the one hand, the Group adjusted and optimized the progress of relevant project construction and pilot production. On the other hand, by constantly enhancing the production capacity of the Xianyang Phase II and IV Projects which are currently in operation, boosting the yield rates, strengthening cost controls and optimizing the product structure to increase the proportion of coated glass, the Group strived to enhance the competitiveness of the solar photovoltaic glass business. In the first half of 2013, the Group recorded a year-on-year increase of 74% in the sales volume of solar photovoltaic glass.

(2) Luminous Materials and Other New Materials Business

In the first half of 2013, as for energy saving lamp phosphors, though facing an industry-wide recession, the Group achieved a moderate increase in the sales of energy saving lamp phosphors as compared with the corresponding period of last year, by attracting customers with differentiated technologies and services, reducing costs and enhancing efficiency. Meanwhile, the Group sped up the technical upgrading and industrial development of new products such as electronic silver paste and lithium battery anode materials, among which electronic silver paste posted satisfactory growth.

(3) TFT-LCD Glass Substrate Business

During the reporting period, the Group had a total of 5 LCD substrate glass production lines which were in operation. Except for production line CX02 at Xianyang of Shaanxi IRICO Electronics Glass Company Limited, which had been transferred to fixed assets, the other lines were still under trial operation. Through years of production, operation, thorough research and development, and efforts of market expansion, the Group achieved favorable progress in terms of the production, technology and sales of LCD substrate glass in the first half of 2013.

(4) Trading of Liquid Crystal Related Products and Other Business

In respect of the manufacture and sale of LCD televisions, through strengthening production management and sales, the Group ensured steady operation during the reporting period.

(III) FINANCIAL REVIEW

1. Overall performance

The overall gross profit margin of the Group for the first half of 2013 was 2.09% and the gross loss rate for the first half of 2012 was 1.40%. The increase in the gross profit margin was mainly attributable to a decrease in the loss of photovoltaic glass business as a result of the recovery in market prices and internal cost reduction. The loss attributable to owners of the Company for the first half of 2013 increased by 1.28% to RMB171,695,000, as compared with a loss attributable to owners of the Company of RMB169,518,000 for the first half of 2012, which was mainly attributable to the sustained tough competition in photovoltaic glass business and the LCD glass substrates business still being at the stage of trial operation.

2. Capital structure

As at 30 June 2013, the Group's borrowings were mainly denominated in Renminbi and US dollars, while its cash and bank balances were mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group intended to maintain an appropriate ratio of share capital to liabilities, so as to ensure that an effective capital structure is maintained from time to time. As at 30 June 2013, its total liabilities including bank borrowings and obligations under finance leases amounted to RMB7,650,156,000 in aggregate (as at 31 December 2012: RMB7,716,653,000), its cash and bank balances amounted to RMB933,205,000 in aggregate (as at 31 December 2012: RMB1,278,852,000) and its gearing ratio (i.e. total liabilities divided by total assets) was 88.63% (as at 31 December 2012: 86.65%).

3. Foreign exchange risk

The Group's income and most of its expenses are denominated in Renminbi and US dollars. For the six months ended 30 June 2013, the operating costs of the Group decreased by RMB370,000 as a result of exchange rate fluctuations (as at 30 June 2012: increased by RMB183,000). The exchange rate fluctuations did not have any material impact on the Group's working capital or liquidity.

4. Commitments

As at 30 June 2013, the capital commitments of the Group amounted to RMB943,884,000 (as at 31 December 2012: RMB1,170,253,000).

5. Contingent liabilities

As at 30 June 2013, the Group had no material contingent liability.

6. Pledge of assets

As at 30 June 2013, the bank loans of the Group amounted to approximately RMB3,391,204,000, which were secured by certain leasehold land and land use rights, buildings and equipments of the Group.

As at 31 December 2012, the bank loans of the Group amounted to approximately RMB3,312,542,000, which were secured by certain leasehold land and land use rights, buildings and equipments of the Group.

PURCHASE, SALE OR REPURCHASE OF SHARES

During the reporting period, the Group had not purchased, sold or repurchased any of the issued shares of the Company.

MATERIAL LITIGATIONS

As at 30 June 2013, the Directors were not aware of any new litigation or claim of material importance pending or threatened against any member of the Group save as the claims brought by Fanshawe College against the Company and IRICO Display Devices Co., Ltd. ("**A Share Company**"), claims by Curtis Saunders against the Company and the A Share Company and claims by American Crago Company against the A Share Company as set out in the Company's 2010 annual report dated 11 April 2011.

During the reporting period, there was no update on the pending litigations which were disclosed by the Company previously. In the opinion of the Directors, such cases did not have any material impact on the Group's interim financial statements for the six months ended 30 June 2013. For details of such cases, please refer to the Company's 2010 annual report dated 11 April 2011.

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 such documents are in compliance with the principles and code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

The Directors are not aware of any circumstances that would reasonably indicate the non-compliance of the Company or any of the Directors regarding the Code at any time during the 6 months ended 30 June 2013. 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

In compliance with the provisions set out in Code, the Company established an audit committee (the "**Audit Committee**").

The Board adopted all contents set out in code provision C.3.3 of the Code as the terms of reference of the Audit Committee. The Audit Committee has considered and reviewed the accounting standards and methods adopted by the Company and other matters relating to the auditing, internal control and financial reporting, which included the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013.

The interim financial report has been reviewed by the Company's auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

The 2013 interim 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
IRICO Group Electronics Company Limited*
Chu Xiaohang
Company Secretary

Shaanxi Province, the PRC
28 August 2013

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*